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**ACCOUNTING
AND BUSINESS
PRACTICE**

MOORE



MINER

GINN AND COMPANY

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ACCOUNTING AND BUSINESS PRACTICE

*FOR USE IN ALL SCHOOLS WHERE
BOOKKEEPING IS TAUGHT*

BY

JOHN H. MOORE

COMMERCIAL DEPARTMENT, BOSTON HIGH SCHOOLS

AND

GEORGE W. MINER

COMMERCIAL DEPARTMENT, WESTFIELD (MASS.) HIGH SCHOOL

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PREFACE

ACCOUNTING AND BUSINESS PRACTICE presents a methodical and practical development of the subject of bookkeeping. The student's introduction to his work is simple and interesting, and every step taken is clearly explained and illustrated. Important definitions are grouped so as to be readily accessible for reference. The memoranda of business transactions may be used either as a study of the theory of accounting, or as a study of theory and business practice.

Unusual or complicated transactions are avoided. Nearly all entries in bookkeeping are simple and easily understood. It is worse than useless to attempt to introduce a student to *all* business forms used in *all* lines of business. After the most important business forms are mastered, the modification of such forms, as found in different lines of business, will be readily comprehended. The authors have endeavored to deal with the *essentials* of accounting. They believe that it is better to use difficult and exceptional transactions for special drills rather than to embody them in the different sets of the text.

Business men have been frequently consulted in securing material for the memoranda of transactions. The forms used are such as may be found in modern commercial houses in every business center. The book is so arranged as to aid the teacher very materially in performing his work.

JOHN H. MOORE,
GEO. W. MINER.

AUGUST, 1902.

ACCOUNTING AND BUSINESS PRACTICE

PART I—INTRODUCTORY WORK

DEFINITIONS AND EXPLANATIONS¹

Bookkeeping is the art of making a systematic record of business transactions, enabling the proprietor to ascertain the true condition of his business.

A Business Transaction is an exchange of values.

Value is the relation existing between two exchanges.

There are two methods of keeping accounts, **Double Entry** and **Single Entry**.

In **Double Entry** accounts are kept with persons, property, and allowances.

In **Single Entry** accounts are kept, usually, with persons only.

Debit is that which costs value.

Credit is that which produces value.

An **Account** is a collection of debits and credits under one heading.

There are two classes of accounts:

1. Resource and liability accounts.
2. Loss and gain accounts.

Resources or Assets are property belonging to the business or amounts due the business.

Liabilities are amounts owed by the business.

Inventories are all resources and liabilities of the business that are not found in the regular books of entry.

Gains are realized when resources increase in value or liabilities diminish in value.

Losses occur when resources decrease in value or liabilities increase in value.

¹ TO THE TEACHER.—The student's work should begin at Preliminary Drills, page 12. The definitions will be referred to and studied from time to time as the work progresses.

There are three kinds of accounts :

1. Accounts with property.
2. Accounts with persons.
3. Allowances.

Allowances are made for the use of money, for early payment of invoices, etc. Interest and discount are allowances.

The **Left** side of an account represents **Debits**; the **Right** side of an account represents **Credits**.

An Entry is the recording of a transaction.

Net Credit is the difference between the debit and credit of the proprietor's account.

Capital, at the beginning of business, usually, is the amount invested; at other times it is the excess of resources over liabilities.

Merchandise includes all commodities that are held for purposes of exchange.

Expense is money paid out to carry on the business.

Interest is money paid for the use of money.

Discount is usually an allowance for early payment.

Bills Receivable are the written promises of others to pay us, and are in our possession.

Bills Payable are our written promises to pay others, and are held by others.

Cash applies to money, bank checks, sight drafts, money orders, etc.

On Account means that goods bought are to be paid for at some future time.

Posting is transferring debit and credit items to their respective accounts in the ledger. (We post from journal, cash book, sales book, etc.)

Present Worth of the proprietor's account:

1. Is net credit plus net gain ; or
2. Net credit minus net loss ; or
3. The excess of resources over liabilities.

A Receipt is a written acknowledgment pertaining to the payment of money, labor, etc.

A Voucher is some written statement the production of which establishes a fact.

When resources exceed liabilities a business is **Solvent**.

When liabilities exceed resources a business is **Insolvent**.

The Proprietor's Account shows his relation to the business, his investments, withdrawals, etc. It is sometimes called the **Stock Account**.

A **Trial Balance** is a testing of the ledger to show that the debits and credits are equal. It does not prove conclusively that the ledger is correct. (The teacher should explain why.)

A **Balance Sheet** is a classification of resources and liabilities, of losses and gains, and of net results of the business to the proprietor.

A **Statement** of the business shows the present condition and results of the business.

A **Statement** of a ledger account is an abstract of the account, and shows the balance due thereon.

The **Journal** contains debits and credits systematically arranged, the history of transactions, and amounts.

The **Ledger** is a book containing the accounts of the business, the debits and credits having been collected from other books of entry.

The **Cash Book** contains a record of cash received and paid out.

A **Book of Original Entry** is a book in which entries are first made.

An **Auxiliary Book** is subordinate to a book of original entry.

A **Sales Book** contains a record of all merchandise sold.

A **Bill Book** contains an itemized record of all notes received or given out by the business.

The term **Charge**, used in bookkeeping, means *debit*.

Red ink is used for:

1. All rulings.
2. Recording inventories in accounts.
3. Entering items that are to be transferred.

Meaning of Red Ink. — In closing accounts a single red line means that the items above it are to be added.

Double red lines, in closing an account, mean that the account is closed — the items and totals above the ruling are not to be used again.

Any amount written in red ink is to be transferred, always to the opposite side of an account; that is, if a red-ink entry is made on the debit side of an account, when transferred it is placed on the credit side.

Closing by Balance. — In closing by balance (see model, page 11) the amount of an account appears as one item.

When a page is filled the *balance* is carried to another page and to a new account of the same name.

It is not necessary to close any account by balance when the books are closed. Such balances are made in the text-book to give the student practice in closing accounts.

An **Invoice** is an itemized statement of goods bought or sold, containing quantities, names, prices, etc.

A Compound Entry consists of the following:

- Several debits and one credit; or
- One debit and several credits; or
- Several debits and several credits.

RULES FOR JOURNALIZING

GENERAL RULE:

1. Debit that which comes into the possession of the business and *costs* value.
2. Credit that which goes out of the possession of the business and *produces* value.

NOTE.— It must be borne in mind that it is the business that receives and parts with value, and not the proprietor. This distinction is of the utmost importance.

RULE I. Proprietor's Account. — The proprietor is debited:

1. For withdrawals from the business for personal use.
2. For liabilities assumed by the business.
3. For net loss when the books are closed.

The proprietor is credited:

1. For all investments in the business.
2. For net gain when the books are closed.

RULE II. Property Accounts. — Property is debited, under its given name, when it comes into the possession of the business.

Property is credited, under its given name, when the business parts with it.

NOTE.— Property includes cash, merchandise, real estate, notes, etc. In order that the journalizing of bills receivable and bills payable may be more clearly understood, separate rules are given below.

RULE III. Accounts with Persons. — Persons are debited:

1. When they get into our debt.
2. When we get out of their debt.

Persons are credited:

1. When we get into their debt.
2. When they get out of our debt.

RULE IV. Expense Account. — Expense account is debited for money paid out to carry on the business.

Expense account is credited for the proceeds of the sale of any item previously debited to expense account.

NOTE.— Expense includes rent, salaries, insurance, etc. In a large business separate accounts are kept with these items.

RULE V. Bills Receivable. — They are debited when received by the business.

They are credited when the business parts with them.

RULE VI. Bills Payable. — They are debited when redeemed by the business.

They are credited when issued by the business.

RULE VII. Allowances. — Allowances are debited, under their given names, when allowed by us to others.

Allowances are credited, under their given names, when allowed by others to us.

NOTE. — Allowances include interest, discount, collection, etc. In a large business separate accounts are frequently kept with these different items.

THE SCRIPT FORMS AND MODELS

In connection with the student's preliminary work he is directed to write some of the script forms given on subsequent pages. These forms represent the highest excellence in penmanship and will serve as models for the student in writing. The plan, statement, and arrangement of these models will be a guide to the student in all his work throughout the book. The method of placing matter on the page and the completeness of explanations are parts of high-grade bookkeeping. All the model forms given in the text merit the most careful study.

In writing these models the student is learning how to place business transactions on the written page in the most approved manner. Business records are not only valuable when made but may be of especial importance years hence; therefore it is necessary that the statements be clear not only to the writer but to any person who may have occasion to examine them at any future time. If books are introduced in court as evidence, the explanatory part of the records is often the most important of all. It is the experience of attorneys that very few books of record that are produced in court have any value as evidence, and this is generally true because of the incompleteness of explanatory matter. If explanations are not clearly made a correct entry is of little value as conclusive evidence.

Model Journal

January 1, 19-

Page.	Debits and Credits.	Explanations.	Debit Amount.	Credit Amount.
	I, James Wilson, begin business this day, investing cash \$2000."			
1	Cash To Jas. Wilson	Investment	2000	2000
1	Expense To Cash	Paid rent of store	50	50
1	Mdse. To Cash	Invoice of M. C. Brown	950	950
1	Cash To Mdse.	Sold H. King 45 bbls. Flour 6 ⁰⁰	270	270
1	Mdse. To Cash	Invoice of L. C. Norton	240	240
1	D. Simons To Mdse.	Sold on acc. 30 bbls. Flour 6 ⁰⁰ 100. 40 .. Salt 1 ⁰⁰ 64	244	244
1	Cash To Mdse.	Sold A. Mead 20 bbls. Flour 5 ⁰⁰ 110. 10 .. Salt 1 ⁰⁰ 15	125	125
1	Mdse. To O. Lane	Invoice on ac- count	375 40	375 40
1	Cash To D. Simons	To apply on ac- count	144	144
1	O. Lane To Cash	To apply on ac- count	175 40	175 40

Model Ledger*James Wilson*

Mo.	Day.	Explanation.	Page.	\$	Mo.	Day.	Explanation.	Page.	\$
					Jan 1				1,2000

Cash

Jan 1		1,2000	Jan 2	1,50
4		1,270	3	1,950
5		1,125	5	1,240
10		1,144	11	1,575.48

Expense

Jan 2		1,50		

Merchandise

Jan 3		1,950	Jan 4	1,270
5		1,240	6	1,244
9		1,375.48	8	1,635
-				

D. Simons

Jan 6		1,244	Jan 10	1,144

O. Lane

Jan 11		1,175.40	Jan 9	1,375.40

Model Trial Balance

Trial Balance Jan 31, 19-

Page.	Name of Account.	Date.	Credit.
1	Jas. Wilson		2000
1	Cash	2539	1415 40
1	Expense	50	
1	Mds.	1565 40	639
1	D Simons	244	144
1	O. Lane	175 40	375 40
		4572 80	4572 80

Model Balance Sheet

Balance-Sheet. 19-

Page	Name or Account	Debit	Credit	Loss	Gain	Resources	Liabilities
1	E.C. Miller	140	3250				
1	Expense	4275		4275			
2	Cash	342718	162394			1803	
2	Mdse.	297817	184213		10966	1245	
3	H. McDow	48720	310			17720	
3	L.S. Martin	56274	94322				35148
3	Interest	743	230	513			
4	J.C. Bush	210				.210	
4	V.M. Cary		345				345
4	Discount	3	5		2		
5	Bills Receivable	1004	30713			6965	
5	Bills Payable	1000	123375			23375	
		186247	786247	4798	11161	413501	95923
	E.C. Mc Net Gain			*6375			
				11144	11111		
	E.C. Mc Net Credit	3110					
"	" Gain	6375					
"	Pres. Worth						317378
						11122	1113301

* To be written in red ink.

Ledger Closed*S. E. Brown, Prop.*

Jan 23		2 100	Jan 1		1 3000
30		3 .50	31	Net Gain	26 424.84
31	Rec'd North	1 3274.06			3424.06
		3424.06			3274.06
			Feb 1	Rec'd North	

Merchandise

Jan 1		1 936.21	Jan 3		2 800
4		2 380.42	16		3 431.18
14		3 216.39	24		5 323.11
22		5 743.12	30		8 612.11
29		7 250.00	31	Inventory	7 350.31
31	Gains	8 474.61			3016.60
		3016.60			
Feb 1	Inventory	850.31			

Expense

Jan 1		1 50	Jan 31	Inventory	7 25
4		3 22	31	Loss	26 60.11
17		6 19.40			
		91.40			
Feb 1	Inventory	7 25			91.40

Loss and Gain

Jan 31	Expense	7 66.40	Jan 31	Mdse.	7 490.46
31	Net Gain	490.46			490.46
		490.46			

Model Business Statement

Statement of Resources & Liabilities

Resources:				
Mdse.	per inventory	1245.70		
Cash	on hand	1803.24		
H. M. Dow	due the business	177.20		
J. C. Bush	" "	210		
Bills Rec.	on hand	696.87		
Total				4133.01
Liabilities:				
L. J. Martin	business owes him	380.48		
V. M. Cary	" "	345		
Bills Pay.	outstanding	233.75		
Total				959.23
Pres. Worth	* of the business			3173.78

Statement of Losses & Gains.

Gains:				
Mdse. Cr.	1842.13			
Mdse. inventory.	1245.70			
Mdse. value.	3087.83			
Mdse. Dr.	2978.17			
Mdse. gain.		109.66		
Discount		2		
Total				111.66
Losses:				
Expense. Dr.		427.5		
Interest		51.3		
Total				478.8
Net Gain *				63.78

* To be written in red ink.

Model for closing an Account by Balance*Cash*

<i>Jan.</i>				<i>Jan.</i>			
1		1	1250.10	1		1	350.25
4		1	950.64	3		1	703.84
7		1	240.69	4		1	133.50
9		1	175.40	7		1	910.03
10		1	100.50	9		1	189.56
11		1	309.24	14		1	120.40
26		1	530.53	31	<i>Balance</i>	*	1565.26
30		1	415.74				<u>3972.84</u>
			3972.84				
<i>Feb. 1</i>	<i>Balance</i>		1565.26				

Model for recording Inventories*Inventories*

<u>Merchandise</u>					
300 bu.	Corn	304	114		
100 "	Wheat	724	72		
200 "	Oats	294	58		
150 "	Rye	494	73.50	317.50	
<u>Expense</u>					
Office Safe			110		
Office Books			25.60	135.60	

* To be written in red ink.

PRELIMINARY DRILLS

Ruling.—The first task of the student is to learn how to use tools. If we are to secure good results, the pen, ruler, blotter, etc., must be used in the right way. Good mechanical work is essential in the keeping of accounts.

Observe the following:

- Use red ink for all ruling.
- Always have a blotter at hand.
- Dip the pen in the ink lightly.
- Use a medium pen for ruling, not too fine.
- Avoid getting ink on the ruler.

First exercise in ruling:

- Use ordinary writing paper, ruled.
- The student will sit facing the desk.
- Place the paper directly in front of you.
- Place the ruler just below the first ruled line. (The teacher will explain the proper position and use of the ruler.)
- Draw a line across the page, keeping the pen directly on the ruled line.
- Do not lift the pen until the line is finished. Continue this ruling until you have ruled a red line on every line of the page.
- The student will now rule a line *between* every two ruled lines of the page just finished.

Second exercise in ruling:

- Observe the same regulations as in the first exercise.
- Draw a line across the page, and without moving the ruler draw a second line just underneath the first. You now have parallel lines across the page.

Parallel lines: _____

- In ruling parallel lines the position of the ruler is not changed, but the position of the hand is changed slightly. (The teacher should explain about parallel ruling.)

Repeat the parallel ruling until you have ruled both sides of the sheet.

The student will now rule parallel lines *between* the lines already ruled.

These ruling exercises should be repeated many, many times, until every student is able to do first-class work. Neatness and accuracy are absolute essentials in all work of accounting.

Exercises in Model Forms.—On page 6 is a *model journal*; the student will copy this on regular journal paper and pass it to his teacher for criticism.

The teacher should accept no work that is anything less than the student's best work. No final work should be accepted that contains an error. Errors at this time refer to mechanical work,—ruling, erasing, etc.

Make a second copy of the model journal, after the teacher's criticism. If the work is accepted by the teacher, keep the last copy you have made of the model journal.

Be careful to write a neat, legible hand, making accurate figures of medium size.

On page 9 is a *model ledger page*, the accounts having been closed. The student will make a copy of this page, using regular ledger paper. Notice that the ruled lines are directly opposite. After copying, hand to your teacher for criticism; then make a second copy. This work need not be preserved.

To THE TEACHER.—These exercises in ruling and copying model forms are of the utmost importance and should be continued until high-grade work is secured. Mechanical work is easily mastered and contributes in a marked degree to the value of accounting. Practice makes perfect. Each hour of practice will mean added efficiency in all subsequent work. Set a high standard and work until you reach it. *Review all exercises in ruling.*

Business Transactions.—All business transactions are simply exchanges of value. We part with value and receive value in return. We give \$4 for a pair of shoes; the value parted with is money, and the value received is a pair of shoes.

In the keeping of books we make a systematic record of exchanges pertaining to our business.

The following is commended as a very simple and attractive method of introducing the student to business transactions.

Let each student be represented as purchasing something from a grocery store. Have him take a sheet of paper, and draw a line through the middle of the page from the top to the bottom. The teacher will ask him what he has bought, and when some article is named have him write the name of the article at the left of the line. The student will then state what he gave in exchange for the article, and the name of such exchange will be placed at the right of the line. Question different students until six items have been named, and then have one of the students copy the items from his

paper on the blackboard. The papers will now appear somewhat like the following:

Apples		Money
Rice		Cash
Eggs		Cash
Flour		Money
Butter		Money
Cheese		Cash

Let it be understood that these exchanges represent business transactions. After the lists are completed as above, the teacher should ask what term may be used that will include in one word all the purchases. Some one will answer "Merchandise." Then he should ask what term may be used that will include all that was parted with. Some one will answer "Cash." Each student will now write on his paper, just below the preceding outline, the following:

Mdse.		Cash
-------	--	------

Each student should have a part in this exercise, each group of six items to be reduced to the above form. Continue this exercise, making lists from clothing store, dry goods store, etc. It is an excellent drill for beginners in leading them to understand about exchanges.

TO THE TEACHER.—In all this work avoid the use of technical terms. Do not refer to debit or credit, and do not call the above exercise journalizing.

The next exercise is similar to the one just outlined. The students will again buy different articles and instead of paying for them *agree* to pay for them at some future time. The items purchased will be placed on the left of the line, and the name of the merchant of whom they were purchased will appear on the right of the line. When the list is reduced to its simplest form it will appear as follows:

Mdse.		H. M. Brown
-------	--	-------------

In the next exercise the students *sell* goods and receive payment therefor. Then cash, money, etc., will appear on the left and merchandise on the right, as follows:

Cash		Mdse.
------	--	-------

In the next exercise the students will *sell* the goods and *not* receive pay for them at the time of the sale, payment to be made

at some future time. The results, when summarized, will appear as follows:

John Smith		Mdse.
------------	--	-------

TO THE TEACHER. — The above exercises will prepare the student for a ready understanding of journal entries. Let these exercises be done briskly, and require simple explanations for all work done.

Review all ruling exercises previously given.

Journalizing in its Simplest Form. — In the following exercise the student will place all value bought or received on the left of the line, and all value sold or parted with on the right of the line.

Buy for cash 160 bu. wheat at 55¢.

Sell for cash 100 bu. wheat at 65¢.

Pay cash for rent of store for one month, \$40.

Buy for cash 300 bu. oats at 33¢.

Sell for cash 200 bu. oats at 38¢.

Buy for cash 200 bu. rye at 46¢.

Sell for cash 150 bu. rye at 54¢.

The exercise just completed is *journalizing*. All the items at the left of the line are *debts*, and all at the right of the line are *credits*. (See General Rule, in Rules for Journalizing.)

At the beginning of the book is a series of *definitions* and *explanations*. From that series the student will now learn definitions for the following: journalizing; merchandise; cash; debit; credit; on account; expense.

After learning the above definitions the student will tell *why* the items at the left of the line are *debts*, and *why* those at the right of the line are *credits*.

Second Exercise in Journalizing. — The following items are to be placed on the left and right sides of the line, as in the first exercise in journalizing.

Buy for cash 200 bu. wheat at 62¢.

Sell for cash 140 bu. wheat at 64¢.

Buy for cash 100 bu. rye at 49¢.

Sell for cash 80 bu. rye at 50¢.

Pay \$20 for coal for office use.

Buy of John Sill, on account, 200 bu. oats at 34¢.

Sell Henry Smith, on account, 150 bu. oats at 36¢.

Buy for cash 300 bu. corn at 32¢.

Sell for cash 200 bu. corn at 30¢.

Buy of James Fry, on account, 100 bu. wheat at 69¢.

Sell William Ring, on account, 80 bu. wheat at 72¢.

Pay rent of store in cash, \$35.

REVIEW QUESTIONS

1. What is the foregoing exercise called?
2. Why?
3. Which items represent debits?
4. Why?
5. Which items represent credits?
6. Why?
7. What does *on account* mean?
8. What is merchandise?
9. What is the general rule for journalizing?
10. Name all the merchandise items in the foregoing exercise.
11. What is expense?
12. Name all the expense items in the foregoing list.

The student will now review the first and second exercises in ruling. He should now be able to draw both single and parallel lines quite accurately. After finishing each exercise in ruling, the student will hand it to the teacher for correction and criticism. The thoroughness and care with which all introductory work is done lay the foundation for future success.

Analysis of the Model Journal. — The following explanations illustrate how journal transactions may be analyzed.

Entry 1: Cash is debited because the business received that sum.

James Wilson is credited for the amount he invested.

Entry 2: Expense is debited because money was paid out to carry on the business.

Cash is credited because the business parted with it.

Entry 3: Merchandise is debited because the business bought it.

Cash is credited because the business parted with it.

Entry 4: Cash is debited because the business received it.

Merchandise is credited because the business parted with it.

Entry 5: Merchandise is debited because the business bought it.

Cash is credited because the business parted with it.

Entry 6: D. Simons is debited because he got in debt to the business.

Merchandise is credited because the business parted with it.

Entry 7: Cash is debited because the business received it.

Merchandise is credited because the business parted with it.

Entry 8: Merchandise is debited because the business bought it.

O. Lane is credited because the business became indebted to him.

Entry 9: Cash is debited because the business received it.

D. Simons is credited because he got out of debt to the business.

Entry 10: O. Lane is debited because the business got out of his debt.

Cash is credited because the business parted with it.

To the Teacher. — All journalizing, both the exercises and the advance work of the text-book, should be explained in the above manner. *This is important.*

Every term that is used and every entry that is made should be fully explained.

Posting of the Model Journal. — The student now understands the different entries in the model journal. The next step is the posting of these items. The student will give the definition of posting.

To THE TEACHER. — If the teacher will carefully follow the outline given below, explaining very carefully each item, an hour or two with the class will enable them to post with facility and accuracy.

The teacher will first explain the meaning and use of each column in both journal and ledger. The name of each column is printed at the head of both model journal and model ledger.

In all posting observe the following :

1. Date.
2. Page of the journal on the ledger page.
3. Amount in dollars and cents.
4. Page of the ledger at the left of the entry on the journal page.

The model ledger, immediately following the model journal, contains the posting of the model journal.

How to open an Account. — Each different name that appears in the model journal entries has an account of the same name in the model ledger.

There are six different names in the model journal, and there are six accounts in the model ledger.

The proprietor's account should always be written first in a ledger.

To open an account we write in the ledger, as a heading, the name to which items are to be posted.

This exercise in posting consists in transferring the different items in the model journal to their respective accounts in the model ledger.

How to post. — The left and right sides of the ledger page have the same ruling.

The left side contains all debit items.

The right side contains all credit items.

In the model journal the cash items, for instance, appear on different parts of the page; in the model ledger the cash items are all placed under one heading. This is true of all the items.

We will now examine the posting of the model journal to the model ledger.

The first item in the journal is *Cash*; turn to the Cash account in the ledger, debit side, and you find the date, the page of the journal, and the

amount of the debit in the journal. The page of the ledger is placed at the left of the cash item in the journal.

The next item is that of *James Wilson*. Turn to his account in the ledger, credit side, and you find the date, the journal page, and the amount of the credit in the journal. Note the paging.

We have now completed the posting of the first entry.

The first item in the second entry is *Expense*. Turn to Expense account in the ledger and note the date, page, and amount. Remember that the ledger page is placed at the left of the journal entry on the journal page.

NOTE. — Paging is one of the important things in bookkeeping.

The second item in the second entry is *Cash*. Turn to the Cash account in the ledger and on credit side note the date, page, and amount.

The first item in the third entry is *Mdse*. Turn to the Merchandise account in the ledger, debit side, and trace out details of the posting. Note the paging.

The second item in the third entry is *Cash*. Turn to the Cash account in the ledger, credit side, and note the posting. One item has already been posted on the credit side of the Cash account, and in posting this second item do not write *Jan.*, but simply the date *3*. Do not repeat the name of the month and do not use ditto marks.

TO THE TEACHER. — The teacher and student will now trace out the remaining items in the ledger, noting every detail of every item, thus fixing it in the student's mind.

After going over the posting from the model journal to the model ledger, as given in the text-book, the teacher will have the students repeat the work, receiving no assistance from him; as soon as they can do this work, give each student a sheet of ledger paper, or a half sheet, show him how to open the six accounts, and then let him post the model journal without assistance and without reference to the text-book.

Repeat this exercise until each student can do the work without error. *Two hours' work ought to teach students how to post accurately.*

TO THE TEACHER. — In a previous exercise the student made a copy of the model journal; the page thus copied should be used for the posting exercise just outlined above.

Analysis of Accounts in the Model Ledger. — The student now understands the posting of the model journal. Do not pass the work already outlined until every detail is clearly understood. *Review, review, review.*

The following is a full explanation of each account in the model ledger which the student has just finished posting.

James Wilson's account:

The credit shows that he invested \$2000.

The debit shows that he has withdrawn nothing.

Cash account:

The debit shows that the business has received \$2539.

The credit shows that the business has paid out \$1415.40.

Expense account:

The debit shows that \$50 has been paid out to carry on the business.

Merchandise account:

The debit shows that the business has bought merchandise to the amount of \$1565.40.

The credit shows that the business has sold merchandise to the amount of \$639.

D. Simons's account:

The debit shows that he became indebted to the business to the amount of \$244.

The credit shows that he paid \$144 on his indebtedness.

O. Lane's account:

The credit shows that the business became indebted to him to the amount of \$875.40.

The debit shows that the business has paid \$175.40 on such indebtedness.

To THE TEACHER. — After each posting, throughout the entire book, such explanations as the above should be required of every student. It is a clear and explicit statement of the meaning of ledger accounts.

The Trial Balance. — The trial balance immediately following the model ledger is a trial balance of the model ledger. The trial balance is simply a copy of the totals of each ledger account and shows that the debits and credits are equal. After noting the model trial balance take a trial balance of the ledger just posted by each student, without reference to the text-book.

The copy of the model journal, the posting of the same by the student, and the trial balance of the ledger should be presented to the teacher and, if accepted by him, preserved for future use.

The student will now spend ten minutes on the first and second exercises in ruling. All ruling should be clean and accurate.

Definitions for Discussion. — Define the following terms: account; journal; trial balance; posting; ledger; double entry.

Review the posting of the model journal.

Analyze each debit and credit item in the model journal.

Journalize orally the items in the second exercise in journalizing, and give the meaning of each entry.

To the Teacher. — Each student should review all preceding work until he understands it thoroughly. If the model forms and preliminary work are mastered, all subsequent work will be comparatively easy.

Third Exercise in Journalizing. — Journalize the following items, first as an oral exercise, then on regular journal paper. After correction and acceptance by the teacher, post on ledger paper and make a trial balance. Pass the completed work to your teacher and, if accepted by him, preserve for future use.

January 1, 19—

Silas Hamer begins business and invests cash, \$1800.

2

He buys for cash 80 bbls. flour at \$5, of J. R. Cass.

3

He sells for cash 40 bbls. flour at \$6, to I. K. Fenn.

4

He pays rent of store for one month in cash, \$35.

5

He buys of A. H. Gilman, on account, 90 bbls. pork at \$13.

6

He sells W. M. Stine, on account, 60 bbls. pork at \$15.

7

Silas Hamer, proprietor, withdraws \$100 from the business for personal use.

8

He sells for cash 20 bbls. flour at \$6.50, to E. N. Shaw.

9

He pays A. H. Gilman, to apply on account, \$600.

10

He receives of W. M. Stine, to apply on account, \$450.

To the Teacher. — The explanatory part of the journal should be in the same form as the model journal. After the above exercise is neatly and accurately journalized and has been corrected, the student should post and make a trial balance, and preserve all his work.

All work thus far should be done on manuscript paper and not placed in the regular blank books.

Rule the journal by placing a red line on either side of the date. The red line is ruled directly on the blue line.

Analyze each account in ledger just posted.

Explanation of a Balance Sheet.—The name of each column is placed at the head of the column. The student should fix these in mind.

The first two columns represent the trial balance. A balance sheet can be made from any trial balance.

The following rules are *very important*.

In all resource and liability accounts:

1. If the debit is the larger, the account shows a resource.
2. If the credit is the larger, the account shows a liability.

In all loss and gain accounts:

1. If the debit is the larger, the account shows a loss.
2. If the credit is the larger, the account shows a gain.

The following is a complete explanation of each account of the model balance sheet.

Proprietor's account:

Credit shows that he invested \$3250.

Debit shows that he withdrew \$140.

Expense account:

Debit shows that \$42.75 was paid out to carry on the business.

Cash account:

Debit shows that the business has received \$3427.18.

Credit shows that the business has paid out \$1623.94.

Merchandise account:

Debit shows amount bought, \$2978.17.

Credit shows amount sold, \$1842.13.

Inventory of merchandise shows amount on hand; it is a resource.

Why?

How do merchants make inventories of their business?

To find gain on merchandise:

Credit plus inventory shows value of merchandise sold and on hand.

Value minus debit shows gain.

(Inventory is entered in red ink simply to show that it is an inventory.)

Model Journal

January 1, 19-

Page.	Debit and Credit.	Explanations.	Debit Amount.	Credit Amount.
	I James Wilson begin business this day, investing cash \$2000."			
1	Cash To Jas. Wilson	Investment	2000	2000
1	Expense To Cash	Paid rent of store	50	50
1	Mdse. To Cash	Invoice of M. C. Brown	950	950
1	Cash To Mdse.	Sold H. King 45 bbls. Flour 6 ⁰⁰	270	270
1	Mdse. To Cash	Invoice of L. C. Norton	240	240
1	D. Simons To Mdse.	Sold on acct. 30 bbls. Flour 6 ⁰⁰ 100. 40 .. Salt 1 ⁰⁰ 64	244	244
1	Cash To Mdse.	Sold A. Mead 20 bbls. Flour 5 ⁰⁰ 110. 10 .. Salt 1 ⁰⁰ 15	125	125
1	Mdse. To O. Lane	Invoice on account	375 40	375 40
1	Cash To D. Simons	To apply on account	144	144
1	O. Lane To Cash	To apply on account	175 40	175 40

Model Ledger

James Wilson

Mo.	Day.	Explanation.	Page.	\$	Mo.	Day.	Explanation.	Page.	\$
					<i>Jan 1</i>				<i>1 2000</i>

Cash

<i>Jan 1</i>			<i>1</i>	<i>2000</i>	<i>Jan 2</i>			<i>1</i>	<i>.50</i>
	<i>4</i>		<i>1</i>	<i>270</i>	<i>3</i>			<i>1</i>	<i>950</i>
	<i>5</i>		<i>1</i>	<i>125</i>	<i>5</i>			<i>1</i>	<i>240</i>
	<i>10</i>		<i>1</i>	<i>.144</i>	<i>11</i>			<i>1</i>	<i>175.48</i>

Expense

<i>Jan 2</i>			<i>1</i>	<i>.50</i>					
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Merchandise

<i>Jan 3</i>			<i>1</i>	<i>950</i>	<i>Jan 4</i>			<i>1</i>	<i>270</i>
	<i>5</i>		<i>1</i>	<i>240</i>				<i>1</i>	<i>244</i>
	<i>9</i>		<i>1</i>	<i>175.40</i>				<i>1</i>	<i>135</i>
	<i>-</i>								

D. Simons

<i>Jan 6</i>			<i>1</i>	<i>244</i>	<i>Jan 10</i>			<i>1</i>	<i>144</i>
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O. Lane

<i>Jan 11</i>			<i>1</i>	<i>175.40</i>	<i>Jan 9</i>			<i>1</i>	<i>375.40</i>
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Model Trial Balance

Trial Balance Jan 31, 19-

Page.	Name of Account.	Debit.	Credit.
1	Jas. Wilson		2000
1	Cash	2539	1415 40
1	Expense	50	
1	Mdsr.	1565 40	639
1	D. Simons	244	144
1	O. Lane	175 40	375 40
		4573 80	4573 80

Model Balance Sheet

Balance Sheet. 19-

Page	Name of Account	Debit	Credit	Loss	Gain	Resources	Liabilities
1	E.C. Miller	140	3250				
1	Expense	4275		4275			
2	Cash	3427 18	1623 94			1803 21	
2	Mdsr.	2978 17	1842 13		1096 61	1245 11	
3	H. M. Dow	407 20	310			177 10	
3	L. J. Martin	562 74	943 22				352 48
3	Interest	7 43	2 30	5 13			
4	E.C. Busch	210				.210	
4	V. M. Cary		345				345
4	Discount	3	5	2			
5	Bills Receivable	1004	307 13			691 17	
5	Bills Payable	1000	1233 75				233 75
		9862 47	9862 47	47 55	111 61	4133 11	959 23
	E.C. McNet Gain*			* 63 78			
				111 111	111 111		
	E.C. McNet Credit	3110					
	: Gain		63 78				
	: Res. Worth						3173 78
						111 27 11	111 27 11
							111 27 11
	* To be written in red ink.						

Ledger Closed

J. E. Brown, Prop.

Jan 23		2	100	Jan. 1		1,3000
30		3	.50	31	Net Gain	26,424.06
31	Fred North					
			3424.06			
				Feb 1	Fred North	3274.06

Merchandise

Jan 1		1	936	21	Jan 3		2	800
4		2	380	42	15		3	431 18
14		3	216	39	24		5	323 11
22		5	743	12	30		8	662 ..
29		7	256		3	31
31	256 256	26	44	-1				
			3016	60				3216 60
Feb 1	Inventory		850	31				

Expense

Loss and Gain

Jan 31	Expense	7	66.40	Jan 31	Medic.	7	490.46
	Station						
			490.46				490.46

Model Business Statement

Statement of Resources & Liabilities

Resources:			
Mdse.	per inventory	1245.70	
Cash	on hand	1803.24	
H. McDow	due the business	177.20	
J. C. Bush	" "	210	
Bills Rec.	on hand	696.87	
Total			4133.01
Liabilities:			
L. S. Martin	business owes him	380.48	
V. M. Cary	" "	345	
Bills Pay.	outstanding	233.75	
Total			959.23
Pres. Worth	* of the business		3173.78

Statement of Losses & Gains.

Gains:			
Mdse. Cr.	1842.13		
Mdse. inventory.	1245.70		
Mdse. values.	3087.83		
Mdse. Dr.	2978.17		
Mdse. gain.		109.66	
Discount		2	
Total			111.66
Losses:			
Expense. Dr.		427.5	
Interest		51.3	
Total			478.8
Net Gain *			63.78

* To be written in red ink.

Model for closing an Account by Balance

Jan.				Jan.			
1	1	1	125010	1	35025		
4		1	95064	3	70384		
7		1	24069	4	13350		
9		1	17540	7	91003		
10		1	10050	9	18956		
11		1	30924	14	12040		
26		1	53053	31	Balance	156526	
30		1	41574				
			397284				
Feb. 1	Bal.		156526				

Model for recording Inventories*Inventories*

<u>Merchandise</u>			
300 bu.	Corn	384	114
100 "	Wheat	724	72
200 "	Oats	291	58
150 "	Rye	491	73 50
			317 50
<u>Expense</u>			
Office-Safe		110	
Office Books		25 60	135 60

* To be written in red ink.

28. Sell T. R. Queen on account, 10 bbls. beef at \$18.25; 6 bbls. pork at \$16.50.

29. Buy of A. S. Poole for cash, 20 bbls. pork at \$14; 15 bbls. beef at \$17.

30. Pay clerk hire in cash, \$35.

By reference to the model journal the student can discern the proper form for each of the above entries; and by reference to the Rules for Journalizing he can know the reason for each entry.

Pass the journal sheet to teacher for correction and criticism.

The student will now analyze each entry from his own journal.

Copy carefully the page of journalizing into your regular journal. All work should be done with neatness — take pains with your writing. Do not make large figures. Page your books consecutively, 1, 2, 3, etc. Below the last journal entry copy the merchandise inventory, using the form given in the model for inventories.

The following is the merchandise inventory:

32 bbls. Pork	\$14.	\$448
12 bbls. Beef	17.50	<hr/> 210
		\$6.58

Posting. — Open accounts in your ledger, three on each page, the following placed first: Student's name, Expense, Cash, Merchandise. (How do you open an account?)

After posting, foot the accounts having more than one item, in pencil, making very small figures.

Make a trial balance and balance sheet.

The footing of the trial balance is \$9405.

The net gain is \$218.

The present worth is \$2568.

Analyze each account on the balance sheet.

To THE TEACHER. — It is suggested that it might be well for the student to copy on ledger paper his own account, Expense account, and Merchandise account, close them properly, and then close them in his regular ledger.

Closing the Ledger. — First close Merchandise account, using the inventory. (See model.)

Next close Expense account. (See model for closing.)

Close Loss and Gain account. (See model.)

Close Proprietor's account, showing present worth. (See model.)

Close remaining accounts by balance. (See model.)

Do not rule Berry's account, as it has but one item.

After closing the ledger make a trial balance of all items below rulings in your ledger. (Teacher will explain.)

Make a statement of resources and liabilities. (See model.)

Make a statement of losses and gains. (See model.)

To locate Errors in Trial Balance. — If the debit items and credit items are not equal, that is, do not balance, observe the following in tracing errors:

1. Go over the additions of the trial balance.
2. Go over all additions of the ledger accounts.
3. If not located, check your posting as follows: trace each item from the journal to the ledger, and if found to be correct, place a check mark at the left of the first money column in the journal and at the left of each date column in the ledger.
4. Find the exact amount of error; if ten or some power of ten, the error is usually in addition.
5. If the amount is exactly the same as some amount in your journal, the error is probably with that amount.
6. If the amount of error is divisible by nine, the error is probably in transposition of figures.

Definitions for Discussion. — Define the following terms: bookkeeping; value; credit; an account; resources; gains; net credit; present worth; expense; on account; a business transaction; debit; double entry; classes of accounts; liabilities; losses; kinds of accounts; merchandise; cash; posting.

ORAL EXERCISES IN JOURNALIZING

Journalize each of the following items and give rule for your entry, and complete analysis.

First: Illustrating cash received or paid on account.

1. Receive of H. Anson \$158, to apply on account, in cash.
 2. Pay William Harrison cash, to apply on account, \$86.
 3. Receive of James Hall, to apply on account, \$65, in cash.
 4. Pay Jesse Harris cash, to apply on account, \$206.
 5. Receive of I. N. Willard, in full of account, \$43, in cash.
- Note the difference between *on account* and *in full of account*.
6. Pay H. Brown cash, in full of account, \$89.
 7. Receive of John Banner, to apply on account, \$95, in cash.
 8. Pay Isaac Walton cash, to apply on account, \$74.
 9. Receive of Thos. Judson, to apply on account, \$140, in cash.
 10. Pay H. D. Henson cash, in full of account, \$234.
 11. Receive of L. N. Powers, in full of account, \$178, in cash.
 12. Pay Ray Dillon cash, to apply on account, \$64.

Second: Illustrating the giving and receiving of notes on account.

1. A. J. Morley gives you his note, at 30 days, to apply on account, \$245.

Note the following:

His note or *their note* always means bills receivable.

My note or *our note* always means bills payable.

2. Gave Samuel King my note at 10 days, to apply on account, \$100.
3. Receive of Richard Young, on account, his note at 20 days, \$175.
4. Gave Chas. Parker my note at 60 days, in full of account, \$250.
5. Gave Uriah Jacobs my note, with interest, at 30 days, in full of account, \$300.

Note the following:

No entry is made for interest in an entry like the above until the note *is due and paid*. This will be fully illustrated in the next exercise.

6. R. D. Noyes gives you his note, with interest, at 60 days, in full of account, \$400.
7. Receive of Henry Cannon his note at 10 days, in full of account, \$185.
8. Give your note to A. S. Weaver at 20 days, in full of account, \$350.

9. Receive of Stone & Co. their note at 10 days, in full of their account, \$345.

10. Give Young & Co. your note at 60 days, to apply on account, \$245.

Third : Illustrating the payment of notes.

1. A. S. Burton pays his note in cash, \$250.
2. You pay your note, in favor of F. M. Shaw, in cash, \$145.
3. T. B. Mason pays his note in cash, \$95.
4. Your note, in favor of Geo. E. Betts, is paid to-day in cash, \$186.
5. H. D. Allen pays his note, in your favor, in cash, \$235.
6. I. K. Smith pays his note in cash, \$350.
7. You pay your note, in favor of Geo. E. Bain, in cash, \$430.
8. Your note, favor Edwin Reed, is paid in cash, \$335.
9. Receive of Frank Knight cash for his note due to-day, \$225.
10. Pay your note, due to-day, in cash, in favor of John Walters, \$453.

Fourth : Illustrating the payment of interest when due and interest on notes when due.

1. T. B. Hanson pays his note and interest, due to-day, in cash ; face of note, \$350 ; interest accrued, \$15.

Following is the entry for the above note and interest, fully explained :

Cash	\$365
To Bills Receivable	\$350
To Interest	15

If the entries are made separately, they would appear as follows :

Cash	\$350
To Bills Receivable	\$350

Second entry :

Cash	\$15
To Interest	\$15

Combining the two cash items in one amount, we have the entry as first made.

In each of the following entries the student will make the two entries and then combine them in one entry.

2. Received cash of J. M. Long for his note and interest to date ; face of note, \$450 ; interest, \$12.

3. Paid my note and interest on same, due to-day, in favor of James Boyer ; face of note, \$300 ; interest, \$7.50.

4. Received cash of James Spence for interest due on his note, \$17.45. (One debit and one credit.)

5. Paid my note and interest in favor of H. V. Warren; face of note, \$234.75; interest, \$22.13.
6. Paid John Doone the interest on my note in cash, \$25. (One debit and one credit.)
7. Received of J. D. Wilson cash for his note and interest, due to-day; face of note, \$247.50; interest, \$9.85.
8. Paid my note and interest on same, due to-day, in favor of V. M. Carton; face of note, \$540; interest, \$10.80.
9. James Mason paid cash for his note and the interest accrued; face of note, \$236.65; interest, \$11.26.
10. My note in favor of R. S. Chaffin is paid to-day and the interest accrued; face of note, \$586.12; interest, \$13.27.

Fifth: Allowance of discount.

The following illustrate the entries when discount is allowed.

1. Paid H. V. Somers for invoice of January 25, less 2%. Amount of invoice, \$500; discount allowed, \$10; balance paid in cash.

Following is the journal entry for the above transaction:

H. V. Somers	paid invoice	\$500
To Cash	of Jan. 25	\$490
" Discount	less 2%	10

When the above invoice was bought, H. V. Somers was credited for \$500, and when settlement is made *he must be debited* for an equal sum, otherwise his account would not show that the invoice was settled in full. We cancel a debt of \$500 by the payment of \$490.

2. Receive of Paul Jones cash for invoice of January 28, less 1%. Amount of invoice, \$325; discount allowed, \$3.25; balance received in cash.

Following is the journal entry:

Cash	\$321.75
Discount	3.25
To Paul Jones	\$325

When the above invoice was sold, Paul Jones was debited for \$325, and when settlement is made *he must be credited* for an equal sum, otherwise his account would not show that the invoice was settled in full. He cancels a debt of \$325 by paying us \$321.75.

When an invoice is settled, less discount, the name of the party with whom we settle must be debited or credited for the face value of the invoice.

When payment of a note is made, when either discount or interest is allowed, the note must be debited or credited at its face value. The only exceptions are when a partial payment is made or when only part of the value of a note is ever paid. With these two exceptions the student has nothing to do at present.

The student will now recite rules for journalizing:

1. Proprietor's account.
2. Property accounts.
3. Expense account.
4. Bills Receivable.
5. Bills Payable.

In each instance the definition should be illustrated by an example. These rules should be *mastered*, not merely *memorized*.

SET II — FEBRUARY

This set is entirely separate from Set I, but the character of the work is quite the same.

Directions and Suggestions. — The following directions and suggestions should be observed by the student:

1. Books to be used : journal and ledger.
2. Use February for all dates in this set.
3. First journalize on manuscript paper.
4. The Student is represented as Proprietor.
5. The general plan of this set is the same as that of Set I.
6. The opening statement is the same in form as in Set I.

MEMORANDA OF TRANSACTIONS

1. Begin a General Merchandise Business this day, investing cash, \$2000.
2. Pay rent of store for one month in cash, \$30.
3. Buy of John Kean for cash, 30 bbls. flour at \$3.80 ; 200 lbs. butter at 20¢.
4. Buy of D. M. Frost on account, 100 bu. potatoes at 73¢ ; 20 bbls. salt at \$1.60 ; 150 lbs. lard at 9¢.
5. Sell Geo. Banner for cash, 10 bbls. flour at \$4.20 ; 40 bu. potatoes at 80¢ ; 2 bbls. salt at \$1.80.
6. Sell James Noble on account, 100 lbs. lard at 11¢ ; 120 lbs. butter at 23¢ ; 10 bbls. flour at \$4.25.
7. Buy for cash a set of books for office use, \$12.50.
8. Pay D. M. Frost cash, to apply on account, \$100.
9. Receive cash of James Noble, to apply on account, \$56.40.
10. Buy of John Neal on account, 20 bbls. flour at \$3.75 ; 500 lbs. lard at 8¢ ; 500 lbs. butter at 19¢ ; 250 bu. potatoes at 70¢.
11. Sell Alfred Cook on account, 10 bbls. flour at \$4.20 ; 100 lbs. lard at 10½¢ ; 100 lbs. butter at 22¢.
12. Sell James Noble on account, 100 bu. potatoes at 75¢ ; 6 bbls. salt at \$1.75 ; 100 lbs. lard at 11¢.
13. Receive cash of Alfred Cook, to apply on account, \$50.
14. Pay John Neal cash, to apply on account, \$200.
15. Buy of D. M. Frost on account, 40 bbls. flour at \$3.75.
16. Sell James Noble on account, 15 bbls. flour at \$4.10 ; 100 lbs. lard at 11¢.

18. Give D. M. Frost your note with interest, at 10 days, for invoice of the 16th. (No entry for the interest until the note is paid.)
19. Sell Thomas Carr for cash, 20 bbls. flour at \$4.05; 200 lbs. butter at 21 $\frac{1}{2}$; 10 bbls. salt at \$1.75.
21. Sell Alfred Cook on account, 2% 10 days, 10 bbls. flour at \$4.20; 100 lbs. lard at 11 $\frac{1}{2}$; 100 lbs. butter at 21 $\frac{1}{2}$; 60 bu. potatoes at 76 $\frac{1}{2}$.
22. Sell E. R. Bowen for cash, 100 lbs. lard at 11 $\frac{1}{2}$.
24. Sell P. J. Hart for cash, 50 bu. potatoes at 76 $\frac{1}{2}$.
26. Alfred Cook settles for invoice of the 21st, less 2%; cash received, \$117.21; discount allowed, \$2.39. (See form of entry on page 32.)
28. Pay your note in favor of D. M. Frost, and interest in cash; face of note, \$150; interest accrued, 25 $\frac{1}{2}$; amount paid, \$150.25. (Debit *Bills Payable* and *Interest* and credit *Cash*.)
28. Pay clerk hire for the month in cash, \$20.

Directions for closing Set II. — Pass your manuscript journal to your teacher for correction and criticism. When accepted by him copy it into your regular journal.

Just below the journal entries in your journal copy the following.

Merchandise inventory:

15 bbls. Flour	\$3.80	\$57.
50 lbs. Lard	.09	4.50
180 lbs. Butter	.20	36.
100 bu. Potatoes	.72	72.
2 bbls. Salt	1.60	<u>3.20</u>
		\$172.70

Posting. — Beginning on page 4 of your ledger, open accounts in the following order, three on each page: Student's name, Expense, Cash, Merchandise.

After posting foot the accounts in pencil.

After footing the accounts make a trial balance and a balance sheet.

The net gain is \$11.36.

The present worth is \$2011.36.

To THE TEACHER. — Have students explain every entry in the journal and analyze every account on the balance sheet.

It is suggested that it would be well for the student to copy all loss and gain accounts and his own account on ledger paper and close them before attempting to close his ledger.

After correction of your balance sheet by your teacher close the ledger in the following order: Merchandise, Expense, Interest, Discount, Loss and Gain, Student.

Forms for closing Discount and Interest

Discount

<i>Fri 14</i>	7	239	<i>Feb 28</i>	<i>Loss</i> *	7	239
---------------	---	-----	---------------	---------------	---	-----

Interest

<i>Feb 28</i>	7	23	<i>Feb 28</i>	<i>Loss</i> *	7	25
---------------	---	----	---------------	---------------	---	----

After closing as above transfer the loss items to the debit side of the Loss and Gain account.

After showing the present worth close the remaining accounts by balance.

After closing the ledger make a trial balance of all items below the rulings.

Make a statement of resources and liabilities.

Make a statement of losses and gains.

REVIEW QUESTIONS

1. Define bookkeeping.
2. What is the object of bookkeeping?
3. What two general methods are there in the keeping of accounts?
4. What is journalizing?
5. What is posting?
6. Which side of bills receivable account is always the larger when there is any difference?
7. In answering the following, state whether the difference shows a resource or liability, a loss or a gain:
 - (a) What does the cash account show?
 - (b) What does the interest account show?
 - (c) What does bills receivable account show?
 - (d) What does bills payable account show?
8. Is the debit side of cash account always the larger? Why?
9. Analyze a personal account when the debit side is larger than the credit.
10. Analyze a personal account when the credit side is the larger.
11. What is an account?
12. If you wish to know what is due on any given account what book do you consult?
13. When is interest credited?
14. When is discount debited?
15. What is the general rule for journalizing?
16. When is expense credited?
17. What does a trial balance show?
18. Does a trial balance prove the correctness of the ledger? Why?
19. Name the different classes of accounts.
20. Name the different kinds of

accounts. 21. When are gains realized? 22. When do losses occur? 23. What is a business transaction? 24. Define the following: resources; liabilities; loss; gain; inventory; net credit. 25. How do you find the gain on merchandise? (Explain fully.) 26. How do you close the merchandise account? 27. How do you close the expense account? 28. What does the proprietor's account show? 29. How do you close the proprietor's account? 30. When does a personal account show a resource? 31. What is the value of a trial balance after the ledger is closed? 32. What is the difference between a trial balance before closing the ledger and after closing? 33. What is a compound entry? 34. Are there any compound entries in your journal in Set II? 35. What is the difference between bills receivable and debts receivable? 36. Can the debit side of bills payable ever be larger than the credit side? Why? 37. Name two ways of finding the present worth of a business. 38. Name two ways of finding the net gain or net loss of a business. 39. If the merchandise account balances and there is \$150 worth of merchandise on hand, what is the gain or loss on merchandise? 40. Give three reasons for closing the ledger. 41. When is a business solvent and when insolvent? 42. Name all the property accounts in the ledger of Set II. 43. What essentials must be observed in recording a business transaction? 44. What is the significance of a double ruling in a money column? of a single ruling?

CLASS EXERCISES

A feature of this text-book is provision for class exercises. These are intended for use as occasional drills, and also to suggest to the teacher the value and the plan of pursuing this method in relation to all work. *Much work should be given that is not found in the text. Every teacher should be well supplied with material for supplementary work.*

In beginning any new subject give class drills upon all important features of the proposed exercise. *Drill work is valuable.*

The student will make a balance sheet, using the following trial balance:

Student	\$100.	\$3000.
Cash	3300.	500.
Expense	100.	
Merchandise	2000.	1300.
M. Jones	450.	100.
S. Turner	1000.	1130.
Bills Receivable	504.	200.
Bills Payable	400.	1620.
Interest		4.

Inventories:

Merchandise	\$1050.	
Expense	45.	

The student will make a balance sheet, using the following trial balance:

Student	\$25.	\$3000.
Cash	3256.	455.
Expense	70.	
Merchandise	1718.	1140.50
M. Brown	467.	50.
R. Henry	150.	980.
Bills Receivable	367.50	100.
Bills Payable	100.	434.50
Discount	6.50	

The teacher will supply the inventories to be used for this exercise. The above exercises may be used at different times.

After making the balance sheets make statements of resources and liabilities; also of losses and gains.

INTRODUCTION TO BUSINESS PRACTICE

New Books.—In Sets III and IV the student will use, in addition to the books already in use, the cash book, the sales book, and the purchase book.

Model Sales Book

March 4, 19-

L.F.						
	A. Mason, Carson, Penn.					
	Terms: on account					
	20 bu. Clover Seed	3 ²²	70			
	20 " Garden Corn	1 ²²	38			
	10 " Millet, Common	9 ⁰⁰	9 80	117 80		
	G. A. Ransom, Mason, N. Y.					
	Terms: cash, 1%.					
	50 bu. Spring Rye	1 ¹²	55			
	25 " Oats	3 ⁴²	8 50			
	20 " Field Corn	4 ⁰²	9 60			
				73 10		
	Less 1%.			73	72 37	
	C. D. Morse, City					
	Terms: 10 days					
	40 bu. Timothy Seed	2 ¹²	96			
	30 " Wheat	1 ⁰²	24			
	10 " Clover Seed	3 ²²	37	157		
	Forward				347 17	

The Sales Book.—The sales book is easily understood. It contains an abstract or copy of each bill of goods sold. Before delivering an invoice, record it in the sales book.

Model*Cash Receipts*

<i>Jan.</i>	<i>6</i>	<i>Student H.C. Winslow</i>	<i>Investment On acct.</i>	<i>1000 300</i>	
	<i>12</i>	<i>R.V. Harris</i>	<i>On acct.</i>	<i>100</i>	
	<i>18</i>	<i>Mdsu</i>	<i>Cash sale</i>	<i>50</i>	
	<i>20</i>	<i>Reed & Son</i>	<i>On invoice</i>	<i>200</i>	
	<i>20</i>	<i>J.Q. Drake</i>	<i>On acct.</i>	<i>150</i>	
	<i>22</i>	<i>Bills Rec.</i>	<i>B. Howie's note</i>	<i>100</i>	
	<i>28</i>	<i>J.B. Hosmer</i>	<i>On invoice</i>	<i>130</i>	
	<i>29</i>	<i>Bills Rec.</i>	<i>Wm. Leneis note</i>	<i>22.5</i>	
	<i>29</i>	<i>Interest</i>	<i>On above</i>		<i>55 2250.55</i>
					<i>2250.55</i>
			<i>Cash Receipts</i>		
<i>Feb.</i>	<i>1</i>	<i>Balance</i>	<i>On hand</i>		
	<i>3</i>	<i>J.W. Keasy</i>	<i>On acct.</i>	<i>200</i>	<i>570.55</i>
	<i>8</i>	<i>Bills Rec.</i>	<i>Dwyer's note prepaid</i>	<i>350</i>	

When a page is filled and there are other items to record, close the page and carry the footing to the top of the next page. Never divide an invoice; if all the items will more than fill the remaining space at the bottom of the page, carry the footing forward and then record all the invoice.

No entry is made of sales except in the sales book.

The Cash Book. — Under the direction of the teacher the student should make a careful study of the model cash book. Note the items of cash received, the items of cash paid out, the totals, and the balance.

It is suggested that each item appearing in the model cash book be journalized, under the teacher's direction, and a comparison of the journal entry and the cash-book entry be made.

Study the cash book in connection with the directions and instructions given under Daily Cash Proof.

After the above exercise the student will take journal paper (the ruling for a journal is the same as for a cash book) and enter the

Cash Book

Cash Payments

Jan 4	Crane & Hayden	On acct.	200
10	Expense	Office books	50
15	E Gallop & Co.	On acct.	150
24	Expense	Coal for store	10
25	Bills Pay.	Acceptance favorit	400
27	Carlin & Reed	On acct.	720
30	Expense	Salary	150
30	Balance	On hand	570.55
			1680

Cash Payments

Feb	4	Bills Pay E Gallop & Co. Discount	Note favor R. T. Drake On invoice On Perry's note	300 250 3
	4			
	8			

following items, balance and rule, and present the work to the teacher for correction and criticism. Repeat the exercise until good results are obtained.

1. Invest cash, \$1600.
 2. Pay rent of store in cash, \$32.
 3. Receive cash of John Walters, on account, \$143.75.
 4. Pay John Read cash, to apply on account, \$234.
 5. Sell merchandise for cash amounting to \$100.
 6. Buy merchandise for cash amounting to \$65.
 7. Receive cash of Henry Dean, in full of account, \$84.
 8. Pay cash for a set of office books, \$12.50.
 9. Pay cash for an insurance policy, \$20.
 10. Pay clerk hire in cash, \$25.

NOTE. — In Sets III and IV cash purchases and cash sales are entered in the cash book.

INV. NO.	DATE	NAMES AND ADDRESSES	TERMS	AMOUNT	P
Jan. 1		S. D. Minnick, Albany N.Y.	30 days	642.84	
2	Jan. 20	C. R. Fenn. Boston, Mass.	60 days. 2% rda.	500	
3	Feb. 4	J. M. Kane. Brooklyn, N.Y.	Cash. 1%.	640.50	
		Mdse. Dr.		1783.34	

The Purchase Book.—The accompanying outline is for a purchase book. In this book all purchases of merchandise are recorded. The manner of recording is fully illustrated.

Various books are designed for recording purchases, but the plan given is very simple and illustrates the methods of any book used for purchases. In the advanced portion of the work an invoice book will be introduced.

The Check Book.—Below is a check properly filled out. On the opposite page is a stub, the date, number, payee, amount, etc., corresponding with the check itself. At the left of the stub is a section of the left page of the check book illustrated.

When you open an account with a bank the amount of your deposit should be written on the left page of the check book; and when you draw a check the amount of the check is subtracted from the amount on deposit in the bank. Thus the check book should always show just the amount on deposit at the time of the drawing of a check.

To the Teacher.—Explain the use of a check book in detail.

Model Check

Boston, Mass., May 4, 19____ No. 1
The Union Bank
pay to the order of <u>Silas Long</u> \$112.44
<u>One Hundred Twelve 44/100 - Dollars</u>
<u>E. C. Dunn,</u>

WHEN DUE Mo. Da.	WHEN AND HOW PAID DATE CL. No.	DISC.	AMT PAID
Jan. 19-			
Mar. 21, 19-			
Feb. 4, 19-	Feb. 4, 16 Less 1%	641	634.09

Model Left Page of
the Check Book

May 1	Deposit	1600
May 4	Check #1	112.48 140752

Model Check Stub

Acct. _____
Date May 4, 19
To Silas Long
for amount
Amount, \$ 112.48

Forms of Indorsement for Notes and Checks

Blank Indorsement <i>Howard C. Johnson</i>	Full Indorsement Pay to the order of J. B. Nutt & Co. Peter Johnson
---	--

A check is a written order upon a bank for the payment of a designated sum of money. *Checks are treated as cash.*

The use of business forms is an essential part of the student's work. The accompanying illustrations show how such forms should be written.

The student will copy each business form, being very exact in every particular, using ordinary writing paper, and then write the examples given after each form.

Model Receipt

<i>Boston, Mass., Jan. 9, 19—</i>	
<i>Received of Frank C. Bliss —</i>	
<i>Two Hundred <u>75</u>/₁₀₀ Dollars</i>	
<i>to apply on account.</i>	
<i>\$ 200.75</i>	<i>Clark & Simpson</i>

After copying the above write receipts for the following:

S. M. Howe owes you \$165, and pays you the whole amount.

NOTE. — The last part of the receipt has these words: *in full of account.*

James Hess owes you \$86.75, and pays you \$36.75.

NOTE. — The last part of the receipt has these words: *to apply on account.*

Model Deposit Tickets

THE UNION BANK	
DEPOSITED BY	
<i>Clark & Co.</i>	
<i>Boston, Mass., Feb. 1, 19—</i>	
<i>Please list each check separately</i>	
Bills	2500
Gold	
Silver	
Checks	
.....	
.....	
.....	
.....	
.....	

THE UNION BANK	
DEPOSITED BY	
<i>W. B. Gray & Co.</i>	
<i>Boston, Mass., Jan. 7, 19—</i>	
<i>Please list each check separately</i>	
Bills	90
Gold	
Silver	1075
Checks	1120
.....	1055.50
.....	1052.30
.....	1678.55

The above are deposit tickets. The first represents a deposit of currency only; the second represents a deposit of currency and several

checks. Always list checks; that is, write the amount of each check separately.

TO THE TEACHER.—If a supply of deposit tickets is available a class exercise like the following should be used:

1. Deposit \$320 in gold, \$8.50 in silver, \$200 in bills, and two checks of \$210 and \$65.30 respectively.
 2. Deposit \$1200 in bills, and checks for \$75 and \$720 respectively. Collection on the checks, \$1.

The following form shows how an invoice should be made out when goods are bought or sold. This invoice being on account, it is not receipted.

Model Invoice

Copy the above invoice. Do your best work — good writing, neat legible figures, etc.

TO THE TEACHER. — If a supply of billheads is available give data for an invoice on account, and use six or seven items. Repeat the exercise, varying the terms and showing horizontal additions, etc.

The invoice given on the next page is receipted. The terms are cash, and for immediate payment a discount is given.

Model Receipted Invoice

<u>Boston, Mass. Aug 25, 19</u>						
<u>Mr. Chas. H. Parmelee.</u>						
<u>City</u>						
<u>To Edgar Townsend.</u>						<u>Dr.</u>
<u>Terms Cash, less 1½%.</u>						
5	lbs. E. Soap	.35	18	75		
2	pk. Y.H. Tea	.38 ²⁵	76	50		
5	lbs. O. Salt	.95	4	75		
2	" Sugar	1.50 ⁰⁰	31	69		
			1.31	69		
	<u>Less 1½%.</u>					
	<u>Recd payment.</u>					
	<u>Edgar Townsend.</u>					

Filing Marks on Invoices. — For convenience in handling it is recommended that the student brief all invoices. Those received should have the name of the person or firm of whom he buys written on the back, and those parted with should have his own name written on the back.

Filing marks consist of the following :

1. Name.
2. Date.
3. Amount.

The following form is suggested :

HOWARD & STRONG,
April 24, 19—
\$758.—

Daily Cash Proof. — In the set following the student is to use a cash book, and in the regular business practice he will use representative money in carrying out his various transactions. *The cash book is one of the most important books used in business.* At the close of each day's business cash should be proved.

How to prove cash:

1. The left side of the cash book shows all cash received.
2. The right side of the cash book shows all cash paid out.
3. The difference shows the amount of cash the business has on hand.
4. The money in the cash drawer added to the amount in the bank equals difference shown by the cash book.
5. If no bank account is kept, the cash in the drawer equals the difference shown by the cash book.

It is suggested that the following form of proof be used:

DAILY CASH PROOF	
Name	<u>J. B. Brown,</u>
Date	<u>Jan. 15, 19-</u>
<hr/>	
Cash received per cash book, total	<u>5760.40</u>
Cash paid per cash book, total	<u>1300.00</u>
Balance per cash book	<u>4460.40</u>
<hr/>	
Cash on hand per cash drawer	<u>400.00</u>
Cash in bank per check book	<u>4060.40</u>
Total	<u>4460.40</u>

On the next page is the proper form for a promissory note. The student will copy it a number of times until the form is clearly in mind. The person who signs a note is the *maker*; the person in whose favor it is drawn is the *payee*.

Model Note

<u>\$1200⁰⁰</u>	<u>Boston, Mass., Jan. 16, 19-</u>
<u>Thirty days after date I promise to pay to</u>	
<u>the order of Morgan, Taylor & Co.</u>	
<u>Twelve Hundred ⁰⁰/₁₀₀ Dollars</u>	
<u>at Winthrop National Bank</u>	
<u>Value received</u>	
<u>No. 12 Due Feb. 15 Henry W. Sherman.</u>	

TO THE TEACHER.—Give memoranda for a number of notes and have the class write the notes.

Model Letter ordering Goods

<u>Westfield, Mass., Jan. 6, 19-</u>	
<u>Messrs. Jones, Clark & Smith,</u>	
<u>Springfield, Mass.</u>	
<u>Gentlemen:</u>	
<u>Please ship us at once by fast</u>	
<u>freight:</u>	
40	<u>bbls. White Sugar.</u>
20	<u>" Standard Sugar.</u>
20	<u>" Fine Granulated Sugar.</u>
10	<u>" Roller Process Flour.</u>
5	<u>" Akron Oatmeal.</u>
<u>Respectfully,</u>	
<u>Geo. R. Keefe.</u>	

TO THE TEACHER. — An understanding of business forms is of very great importance to every student. It is suggested that each student write the preceding forms a number of times, sufficiently often to fix the outline in his mind. Every detail should be carefully and minutely explained. Then dictated exercises should be given, requiring the student to write the various forms from memoranda given by the teacher. If this plan is well carried out the student will have little difficulty with the following sets where business forms are used. All business forms should be corrected by the teacher, and nothing accepted that is less than perfect — no erasures, no blots, and papers should be properly folded, marked for filing, etc.

The following forms represent the closing of personal accounts containing items as indicated.

Where an account has but one item it should not be ruled at all.

O. S. Howe

Jan 16	4 361 14					
--------	----------	--	--	--	--	--

Where an account balances, there being but one item on each side, close as follows:

L. A. Zook

Jan 10	3 291 62	Jan 24	4 291 2
--------	----------	--------	---------

Where an account balances, there being several items on each side, close as follows:

M. M. Pond

Jan 6	3 210 11	Jan 9	3 100
12	4 100 14	20	4 260 0
23	5 56 50	30	5 146 35
29	6 140		5 177 75
	5 00 00		
	5 00 75		

SET III—MARCH AND APRIL

WORK FOR MARCH

The object of this set is to instruct the student in the elementary principles of business practice. Business forms are employed, and all transactions of cash admit of the handling of currency. The student is required to write letters ordering goods. He has an account with the bank and makes deposits and draws checks. The set covers a period of two months, March and April, the books being closed at the end of each month.

Price Lists for March and April

ARTICLE	1		2		3		4		5	
	COST	SELLING PRICE								
Clover Seed, bu.	\$3.50	\$3.70	\$3.40	\$3.65	\$3.60	\$3.80	\$3.55	\$3.75	\$3.75	\$4.00
Dwarf Beans, "	4.00	4.20	4.10	4.30	3.95	4.15	4.05	4.25	3.90	4.15
Field Corn, "	.44	.48	.45	.50	.42	.48	.43	.48	.40	.46
Garden Corn, "	1.75	1.90	1.80	1.95	1.70	1.90	1.65	1.80	1.60	1.80
Millet, Com., "	.90	.98	.95	1.05	.85	.95	.88	.98	.80	.90
Oats, "	.30	.34	.32	.37	.28	.33	.33	.38	.35	.40
Spring Rye, "	1.00	1.10	1.05	1.16	.95	1.06	1.00	1.15	.90	1.05
Timothy Seed, "	2.25	2.40	2.30	2.50	2.20	2.40	2.35	2.50	2.45	2.65
Wheat, "	.80	.90	.85	.96	.75	.90	.90	1.00	.85	1.00

TO THE TEACHER.—Assign price lists to the different students, and note that all buying and selling is to be according to the list assigned. Have the prices copied on a price card for convenience.

The books to be used in this set are: journal; ledger; sales book; cash book; purchase book.

Directions and Suggestions.—The teacher may require that this set be written in either of the following ways:

1. Simply recording the transactions as in the preceding sets.
2. In addition to the above all business forms may be written.
3. In addition to recording the transactions, writing the business forms, etc., the student may do the business called for, such business to be transacted at the teacher's desk, or at offices.

The latter plan is the most helpful, and the memoranda and all directions are prepared for business practice.

Prove the cash at the close of each day's work. No matter how little has been done, prove the cash each day.

The form to be used in proving cash is given on page 47.

After writing *each* form have the same corrected by your teacher before recording in your regular books. Do not neglect this.

TO THE TEACHER.— Before writing the set have the students journalize the work given in March, and note which items will be placed in the cash book. Have the cash book written, in the regular work, on journal paper, all other work to be put in the regular books. Do much drilling on business forms.

BUSINESS FORMS FOR MARCH

NOTE.— Each student will be supplied by his teacher with a large envelope of blank business forms.

The following forms are to be made out by the student before beginning work for March.

In *all* the invoices the student is represented as the purchaser.

In signing notes, receipts, etc., the student will write the name given simply as a matter of convenience. Number the forms consecutively.

Form 1: Invoice of E. C. Ferry, City, March 2. Terms: cash.

50 bu. Clover Seed	100 bu. Field Corn
100 bu. Oats	

Receipt the bill in the following manner: *Received payment, E. C. Ferry.* Use invoice paper from your envelope of blank business forms. Fold and brief and have the same corrected by your teacher. Place it in the *Incoming Papers* envelope.

Form 2: Invoice of S. D. Welch, City, March 5. Terms: on account.

20 bu. Dwarf Beans	40 bu. Garden Corn
100 bu. Millet	100 bu. Wheat

Do not receipt the bill. Fold and brief, have it corrected, and place it in the *Unpaid Bills* envelope.

Form 3: March 7 Amos Graves receives of you \$35 for rent of the store. Make the receipt in your favor.

Form 4: Bill of David Ross for office books and stationery, March 8.

Terms: cash.

Office Books	\$8.50
Stationery	4.
	—————
	\$12.50

Make out the bill and receipt it. Fold and brief.

Form 5: Invoice of Henry Bruce, City, March 10. Terms: on account.

100 bu. Spring Rye	50 bu. Timothy Seed
--------------------	---------------------

Make out the bill in the usual form but do not receipt it.

Form 6: Bill of I. N. Moss for 2 tons of coal at \$5.20 per ton.

March 11. Terms: cash. Receipt the bill.

Form 7: Bill of A. C. Webb, City, for office safe, \$75, March 12.

Terms: cash. Receipt the bill.

Form 8: Invoice of Haynes & Co., City, March 14. Terms: on account.

30 bu. Dwarf Beans	100 bu. Spring Rye
200 bu. Field Corn	200 bu. Wheat
	100 bu. Millet

Make out the bill but do not receipt it. Fold and brief.

Form 9: Invoice of S. D. Welch, City, March 27. Terms: on account.

10 bu. Dwarf Beans	100 bu. Millet
100 bu. Field Corn	100 bu. Oats
	20 bu. Garden Corn

Make out the bill but do not receipt it. Fold and brief.

Form 10: Invoice of Henry Bruce, City, March 28. Terms: on account.

100 bu. Spring Rye	200 bu. Wheat
--------------------	---------------

Make out the bill but do not receipt it. Fold and brief.

Form 11: Write a note, in your favor, at 30 days, with interest, for \$180, dated March 29. Sign as follows: Jesse Watson.

Form 12: Write a receipt, in your favor, for \$30, dated March 31. Sign the name of your teacher.

All the above forms should be examined and corrected by your teacher. If approved by him, place all in the envelope marked *Incoming Papers*.

To THE TEACHER. — After the incoming forms have been completed and corrected the envelope containing them may be returned to the student, to be retained by him and the forms withdrawn as they are needed. If no offices are used this plan should be adopted.

If the teacher so desires, all outgoing papers may be retained by the student until the completion of any given set. An ordinary legal envelope properly labeled may be used for filing such papers.

The student will now take up the work of Set III.

MEMORANDA OF TRANSACTIONS FOR MARCH

1. Commence the Grain and Seed Business this day, investing cash, \$2400.

Place the above memoranda in your journal, but make no journal entry. Enter in the cash book. Receive the currency from your teacher.

2. Write a letter to E. C. Ferry, City, ordering the goods outlined in Form 1, page 51.

See model letter for ordering goods, on page 48. Hand the letter to your teacher and receive the invoice of Form 1, noting that it is correct in every detail. Pay for the invoice. Enter in the cash book, right side, Mdse. Place the invoice in the *Paid Bills* envelope.

3. John Williams, City, has written you a letter ordering the following goods. Fill the order. Terms: cash.

20 bu. Clover Seed	50 bu. Field Corn
40 bu. Oats	

Make an invoice of the goods (see model form, page 46), receipt the bill, pass it to your teacher, and receive the money. Be careful in counting all the cash received or paid out. Enter in the cash book, left side, Mdse.

4. Deposit in Union Bank \$1500, cash.

Make out a deposit ticket; then take your pass book, currency, and deposit ticket to your teacher and receive directions from him. Record only in the check book, under directions given by your teacher.

NOTE. — When we make a deposit in a bank an account is opened with us by the bank. Before such an account is opened the depositor is required to write his name in a book provided by the bank, such book containing the signatures of all the depositors. One should write his name in just the manner or form he uses when signing any business paper or document. By reference to this book the bank can easily identify any signature. In large cities various requirements must be observed before opening an account. Nearly all banks require persons to be identified before receiving a first deposit.

5. Write a letter to S. D. Welch, City, ordering the goods outlined in Form 2.

Hand in the letter and receive the invoice. Record in the purchase book. Place in the *Unpaid Bills* envelope.

6. John Wells, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

5 bu. Dwarf Beans 20 bu. Garden Corn
 50 bu. Millet

Make out the invoice, have the same corrected by your teacher, and then record in the sales book. After recording hand in the invoice. Consult your teacher about opening your sales book.

7. Pay rent of the store in cash, \$35.

Pay the money and get a receipt, Form 3. Record in the cash book, Expense.

8. Pay bill of David Ross, in cash, for office books and stationery, \$12.50.

Hand in the money and get the received bill, Form 4. Record in the cash book, Expense.

9. Give S. D. Welch your check, to apply on account, \$200.

Make out the check under the direction of your teacher. After recording in the cash book hand in the check.

NOTE. — A receipt need not be taken when an amount is paid by check, as the canceled check will be returned to you as a receipt.

10. Write a letter to Henry Bruce, City, ordering the goods outlined in Form 5.

Hand in the letter and receive the invoice. Record in the purchase book.

11. Pay bill of I. N. Moss, in cash, for 2 tons of coal, Form 6.

Hand in the currency and get the received bill. Enter in the cash book, Expense.

12. Pay bill of A. C. Webb, City, by check, for office safe, \$75, Form 7.

Make out the check and hand it in, and receive the received bill. Enter in the cash book, Expense.

Consult your teacher about carrying forward in your check book.

13. Receive cash of John Wells, to apply on account, \$100.

Make out the receipt, hand it in, and receive the money. Enter in the cash book. Place the money in the *Business Cash* envelope.

14. Write a letter to Haynes & Co., City, ordering the goods outlined in Form 8.

Receive the invoice and record it in the purchase book.

15. Boyd & Co., City, have written you a letter ordering the following goods. Fill the order. Terms: on account.

100 bu. Field Corn	50 bu. Spring Rye
100 bu. Millet	10 bu. Dwarf Beans

Make out the invoice and have it corrected. Enter in the sales book. Hand in the bill.

16. Deposit cash, \$300. Follow the preceding directions for deposits.

17. Pay Henry Bruce by check, \$112.50, to apply on account. Enter in the cash book.

18. Howard Young, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

20 bu. Clover Seed	10 bu. Timothy Seed
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Make out the invoice. Record it in the sales book. Hand in the invoice.

19. Jesse Watson, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

200 bu. Wheat

Enter in the sales book.

20. Withdraw \$50 for personal use, in cash.

Take the currency from the envelope marked *Business Cash* and place it in the one marked *Personal Cash*. Enter on the right side of the cash book (student's name).

22. Receive cash of Boyd & Co., to apply on account, \$200.

Enter in the cash book. Hand in the receipt and receive the currency.

23. Give Haynes & Co. your check, to apply on account, \$500.

Enter in the cash book. Hand in the check.

24. John Wells, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

50 bu. Spring Rye	150 bu. Wheat
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Make out the invoice. Record it in the sales book.

25. Give S. D. Welch your note at 10 days, to apply on account, \$100.

Write the note and have the same corrected by your teacher.

Get directions about the journal entry. Hand in the note.

26. Boyd & Co., City, have written you a letter ordering the following goods. Fill the order. Terms: on account.

100 bu. Wheat	10 bu. Clover Seed
5 bu. Dwarf Beans	10 bu. Garden Corn

Make out the invoice. Record it in the sales book.

27. Write a letter to S. D. Welch, City, ordering the goods outlined in Form 9.

Follow the preceding directions for similar transactions. Enter in the purchase book.

28. Write a letter to Henry Bruce, City, ordering the goods outlined in Form 10.

Follow the preceding instructions. Enter in the purchase book.

29. Receive a note made by Jesse Watson, Form 11.

Consult your teacher about the journal entry. Place the note in the *Unpaid Bills* envelope.

30. Receive cash of John Wells, to apply on account, \$100.

Write the receipt and get the currency. Enter in the cash book.

31. Oscar Wilson, City, has written you a letter ordering the following goods. Fill the order. Terms: cash.

50 bu. Field Corn	100 bu. Oats
10 bu. Garden Corn	150 bu. Spring Rye

Make the invoice, receipt it, and receive the currency. Enter in the cash book, Mdse.

31. Pay clerks' salaries for the month in cash, \$30.

Hand in the currency and get a receipt, Form 12. Enter in the cash book, Expense.

INVENTORIES, MARCH 31, 19—

Merchandise :

40 bu. Dwarf Beans	60 bu. Oats
200 bu. Field Corn	50 bu. Spring Rye
20 bu. Garden Corn	40 bu. Timothy Seed
150 bu. Millet	50 bu. Wheat

Expense :

Office Safe	\$75.
Office Books	8.
Office Supplies	2.75
Coal	6.40
	<hr/>
	\$92.15

CLOSING THE WORK FOR MARCH

Have all books corrected by your teacher before closing.

After the cash-book manuscript has been corrected by your teacher record in the regular cash book.

Leave your pass book at the teacher's desk or business office.

Space for ledger accounts:

Student's account, one-half of a page.

Merchandise account, one-half of a page.

All other accounts, one-third of a page.

The different books should be closed as follows:

Cash Book. — Find the correct balance (consult your teacher); then rule and close in just the same form as the *model cash book*, pages 40 and 41.

Sales Book. — After the last item in the sales book rule a single red line, and one line below rule two red lines, parallel; place the footing of the sales book between these rulings. On the same line upon which the footing has been written, at the left, write *To Mdse.* This closes the sales book.

Purchase Book. — Rule in the same manner as the sales book, and at the left write *Mdse. Dr.*

The sales book should be ruled the same as the journal — a red line upon either side of the date.

The different books should be posted in the following manner:

Cash Book. — When a cash book is used it is not necessary to open a cash account in the ledger — the cash book is the cash account.

The *left* side of the cash book represents all cash received, and therefore is the debit of cash; hence credit each item that appears on the left side of the cash book. (Ask your teacher to explain fully.)

The *right* side of the cash book represents all cash paid out, and therefore is the credit of cash; hence, in posting, debit each item that appears on the right side of the cash book. Remember the paging. (Teacher will explain fully.)

In the explanatory column of the ledger write *C. B.* for each item posted from the cash book. This is necessary, as we are now posting from several books to the ledger.

Sales Book. — Debit each name for the amount of each sale in the sales book and *credit merchandise for the footing.* In the ledger write *S. B.* for explanation. (Ask your teacher to explain.)

Purchase Book. — Credit each name for the amount of each purchase in the purchase book and debit merchandise for the footing. In the ledger write *P. B.* for explanation. (Ask your teacher to explain.)

Journal. — Post the journal as usual. Use *J.* for explanation.

Inventories. — Enter the inventories in your journal, just below the last journal entry.

Find the value of the merchandise *at the cost price given in your list number.*

Balance Sheet. — First take a trial balance of your ledger. Your ledger will not balance without using the balance from the cash book. After Cash, on your trial balance, in the debit column, write the amount of the balance as it appears in your cash book.

After making the trial balance proceed to make a balance sheet.

The *net gain* will be verified by your teacher.

Statements. — After your balance sheet has been accepted by your teacher make two statements of the business for the month, as follows:

1. Statement of resources and liabilities.
2. Statement of losses and gains.

If necessary, consult the model forms for statements, page 10.

Closing the Ledger. — Close *only* the following:

1. Merchandise. (Use inventory.)
2. Expense. (Use inventory.)
3. Loss and Gain.
4. Student's account.

Do not close any of the other accounts.

Pass all your books to your teacher for inspection and approval.

If he accepts your work, you are ready for the next exercise.

REVIEW EXERCISES

1. Analyze each item and entry in the journal.
2. Analyze each entry in the cash book.
3. Analyze each entry in the sales book and the purchase book.
4. Analyze each account on the balance sheet.

SET III—MARCH AND APRIL

WORK FOR APRIL

BUSINESS FORMS FOR APRIL

The following forms are to be made out by the student before beginning the work for April.

Form 13: April 1 Amos Graves gives you a receipt for \$35 for rent of the store. Write the receipt in your favor.

Form 14: Invoice of Henry Bruce, City, April 6. Terms: on account.

50 bu. Clover Seed	300 bu. Oats
50 bu. Garden Corn	100 bu. Millet

Fold, brief, and have corrected.

Form 15: Invoice of S. D. Welch, City, April 9. Terms: on account.

200 bu. Field Corn	100 bu. Spring Rye
200 bu. Wheat	

Fold, brief, and have corrected.

Form 16: Invoice of C. V. Cronin, City, April 11. Terms: cash.

50 bu. Timothy Seed

Form 17: Write a note, in your favor, at 10 days, for \$100, dated April 14. Sign as follows: Boyd & Co.

Form 18: Invoice of Smith & Bowers, City, April 25. Terms: cash.

20 bu. Dwarf Beans	200 bu. Field Corn
50 bu. Garden Corn	

Make out the invoice and receipt it. Fold and brief.

Form 19: Write a receipt, in your favor, for \$30, dated April 30. Sign the name of your teacher.

MEMORANDA OF TRANSACTIONS FOR APRIL

Directions and Suggestions. — Set III comprises two months, March and April. The work following is a continuation of the work in March. Each student will use the same price list, etc., as in March.

The memoranda for April are in just the same line as those given in March. As such full and explicit instructions were given in the March work much of the explanatory matter will be omitted in April. If anything is not understood, consult your teacher.

1. Amos Graves receives of you \$35 in cash for rent of the store. Hand in the currency and get a receipt, Form 13.

2. Give Henry Bruce your check, in full of account.

All accounts are in the ledger; *in full of account* means that we pay the balance shown by the ledger account.

3. Howard Young pays you cash, in full of account.

Make a receipt for the money and hand it in. Enter in the cash book.

4. Deposit cash, \$500.

All the business forms you now write *should be very much* better than the work you did last month.

4: Pay your note, in favor of S. D. Welch, in cash.

The note was given March 25 and is due to-day.

When you pay the money have the note marked *Paid* across the face. This cancels the note and it serves as a receipt.

Enter in the cash book. Place the canceled note among the receipts.

5. Deposit cash, \$300.

Are you doing your *best work* all the time?

6. Write a letter to Henry Bruce, City, ordering the goods outlined in Form 14.

7. Howard Young, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

100 bu. Field Corn	50 bu. Millet
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20 bu. Timothy Seed

8. Give S. D. Welch your check, to apply on account, \$200.

9. Write a letter to S. D. Welch, City, ordering the goods outlined in Form 15.

10. Boyd & Co., City, have written you a letter ordering the following goods. Fill the order. Terms: on account.

30 bu. Garden Corn	20 bu. Clover Seed
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100 bu. Oats

11. Write a letter to C. V. Cronin, City, ordering the goods outlined in Form 16.

12. P. H. Morse, City, has written a letter ordering the following goods. Fill the order. Receive cash, \$125.

20 bu. Timothy Seed	100 bu. Field Corn
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100 bu. Wheat

Make out the invoice. Terms: cash and on account. Record the entire invoice in the sales book.

Hand in the invoice and receive the cash and give a receipt.

On the left side of the cash book write: P. H. Morse, on invoice, \$125.

13. Give Henry Bruce your note at 30 days, to apply on account, \$200. Write the note and have it corrected by your teacher. Enter in the journal. Hand in the note.

14. Receive a note from Boyd & Co., Form 17.

Enter in the journal. Place the note in the *Unpaid Bills* envelope.

15. Jesse Watson, City, has written a letter ordering the following goods. Fill the order. Terms: on account.

20 bu. Dwarf Beans	50 bu. Spring Rye
50 bu. Millet	10 bu. Timothy Seed

16. Receive of Howard Young cash, in full of the invoice sold him on the 7th.

Refer to the sales book for the amount of the invoice.

Make out the receipt and receive the currency. Enter in the cash book.

17. Deposit cash, \$200.

18. Give S. D. Welch your check for the amount of the invoice bought of him on the 9th.

Refer to the purchase book for the amount of the invoice. Write the check.

Hand in the check and have the invoice receipted.

Place the receipted invoice in the *Paid Bills* envelope.

19. Howard Young, City, has written a letter ordering the following goods. Fill the order. Terms: on account.

100 bu. Wheat

20. F. G. Morgan, City, has written a letter ordering the following goods. Fill the order. Terms: cash.

10 bu. Clover Seed	10 bu. Timothy Seed
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Make out the invoice, receipt it, hand it in and receive the money. Enter in the cash book, Mdse.

21. Boyd & Co., City, have written you a letter ordering the following goods. Fill the order. Terms: on account.

30 bu. Timothy Seed	20 bu. Garden Corn
50 bu. Millet	40 bu. Spring Rye

22. John Wells, City, has written a letter ordering the following goods. Fill the order. Terms: on account.

200 bu. Oats	50 bu. Millet
100 bu. Field Corn	

23. Receive cash of Boyd & Co., to apply on account, \$165. Make out the receipt and receive the currency.

24. Boyd & Co. pay their note, in your favor, due to-day.

Present the note at the office and receive the money.

Have the note canceled. Enter in the cash book.

25. Write a letter to Smith & Bowers, City, ordering the goods outlined in Form 18.

Hand in the letter, receive the invoice, and pay for the same.
Enter in the cash book.

26. Johnson & Pease, City, have written a letter ordering the following goods. Fill the order. Terms: cash.

10 bu. Dwarf Beans	100 bu. Field Corn
25 bu. Garden Corn	

Make out the invoice, receipt it, and get the money. Enter in the cash book, Mdse.

27. Deposit cash, \$250.

27. Receive cash of Jesse Watson, on account, \$175.

Make out the receipt and get the money.

28. Discount your note, in favor of Henry Bruce; face of the note, \$200.

This note has yet 15 days to run, and he allows the discount for that time, 50¢; amount of your check, \$199.50. Hand in the check and receive the note canceled.

Enter in the cash book as follows: right side, Bills Payable, \$200; left side, Discount, 50¢.

28. Jesse Watson pays his note and interest in cash; face of note, \$180; interest, 90¢. You receive \$180.90.

Enter in the cash book as follows: left side, Bills Receivable, \$180; Interest, 90¢.

29. Receive cash of Howard Young for the invoice sold him on April 19.

30. Pay clerk hire in cash, \$30, Form 19.

30. Deposit all the cash on hand. Leave your pass book at the bank.

INVENTORIES, APRIL 30, 19—

Merchandise:

30 bu. Dwarf Beans	50 bu. Millet
20 bu. Clover Seed	60 bu. Oats
200 bu. Field Corn	60 bu. Spring Rye
45 bu. Garden Corn	50 bu. Wheat

Find the value of the above at the cost price of your list number.

Expense:

Office Safe	\$75.
Office Books	7.50
	<hr/> \$82.50

CLOSING THE WORK FOR APRIL

Pass all work to your teacher for correction. If any work has been done on manuscript paper, copy it into the regular books after it has been corrected by the teacher.

Close the following books the same as in March: cash book; sales book; purchase book.

Posting. — In posting observe the following:

- Post all April work into the same accounts as in March.
- If any new accounts are needed, give each one-third of a page.
- Post all books the same as in March.

Balance Sheet and Statements. — After posting proceed as follows:

- Make a trial balance.
- Make a balance sheet.
- Have them corrected by your teacher.
- Make a statement of resources and liabilities.
- Make a statement of losses and gains.

Closing the Ledger. — Proceed to close the ledger as follows:

- Open a Loss and Gain account or use the same one as in March.
- Close the following into the Loss and Gain account:

Merchandise. (Use inventory.)

Expense. (Use inventory.)

Interest.

Discount.

3. If any help is needed, consult your teacher.
4. Close the Loss and Gain account.
5. Close the Proprietor's account. (Present worth.)
6. If any accounts balance, close according to previous directions.
7. All the remaining accounts should be closed by balance.

Hand all books to your teacher for correction and criticism.

NOTE.—Make a check in favor of your teacher for the amount of your bank balance.

ORAL EXERCISES

Journalize, orally, each item in March and April. Analyze each account on the balance sheet.

REVIEW EXERCISES

The following is an important exercise in the closing of accounts and should be studied under the direction of the teacher.

The Trial Balance.—1. If the trial balance shows the books in balance, does that prove the ledger correct? Give reason. 2. If books are not in balance, what should be done?

How are the following accounts closed, under the conditions named?

Merchandise Account.—1. When the account shows a gain, using an inventory. 2. When the account shows a loss, using an inventory. 3. When the account shows a gain, not using an inventory. 4. When the account shows a loss, not using an inventory.

Discount Account.—1. When the account shows a gain. 2. When the account shows a loss.

Interest Account.—1. When the account shows a gain. 2. When the account shows a loss.

Expense Account.—1. When an inventory is used. 2. When an inventory is not used.

The Balance Sheet.—1. What do the first two columns show? the third column? the fourth column? the fifth column? the sixth column? 2. How is the net credit found? 3. How is the present worth found? 4. In what two ways is the present worth shown? 5. Why are the inventories entered in *red ink*? 6. What is the value of a balance sheet?

SET IV—MAY AND JUNE

WORK FOR MAY

The work for May and June follows the same general plan of business practice as that given in March and April. No new books are used, but the memoranda of transactions are varied, giving more extensive work in invoicing, etc. These sets in business practice are designed to give the student careful preparation for the more advanced work of the subsequent sets in the text-book.

NOTE.—In the introductory business practice all invoices of purchases and sales are represented as being in the city, to avoid the use of so many new forms at one time. The plan of this book is to give a solid foundation in elementary business practice before undertaking the advanced work.

BUSINESS FORMS FOR MAY

The following forms are to be written by the student before beginning the work of the set.

Form 1: Invoice of Turner & Moss, City, May 2. Terms: cash.

10 doz. Carpenter's Chisels	20 sets Knives and Forks
6 Copying Presses	4 doz. Mortise Locks
10 Grindstones	1 doz. Planes, No. 4
3 doz. Handsaws	

Make out the invoice and receipt it. Fold and brief.

Form 2: Bill of H. L. Mills, City, May 4. Terms: cash.

Set of Office Books	\$12
Office Stationery	3
	\$15

Form 3: Invoice of Wilder & Chase, City, May 7. Terms: one-half in 3 days, one-half in 10 days.

8 doz. Coal Hods	5 doz. Lanterns
12 doz. Door Knobs	10 kegs Nails
15 doz. Hammers	2 doz. Planes, No. 4
10 Ice-cream Freezers	5 doz. Carpenter's Chisels

Make out the invoice but do not receipt it.

Form 4: Invoice of Dunn & Sanford, City, May 9. Terms: 10 days.

10 doz. Railroad Picks	12 doz. Axes
6 doz. Steelyards	20 doz. Try-squares

Price Lists for May and June

ARTICLE AND QUANTITY		1		2		3		4		5	
		COST	SELLING PRICE								
Carpenter's Chisels, $\frac{1}{2}$ -in., doz.	"	\$3.75	\$4.75	\$4.00	\$5.00	\$3.80	\$5.00	\$3.90	\$5.00	\$3.80	\$5.10
Coal Hods,	"	7.50	9.00	8.00	10.00	7.50	9.00	7.25	9.00	7.75	9.30
Copying Presses,	each	6.00	8.00	5.50	7.50	6.50	8.00	6.25	8.25	6.00	8.20
Door Knobs,	doz.	.75	1.00	.80	1.20	.85	1.10	.80	1.10	.75	1.05
Grindstones,	each	3.75	5.00	4.00	6.00	3.80	5.00	3.75	5.25	3.90	5.20
Hammers,	doz.	6.00	8.00	7.00	9.00	6.50	8.00	6.25	8.20	6.75	8.80
Handsaws,	"	18.00	21.00	19.00	22.50	17.50	21.50	18.50	22.00	18.25	22.75
Ice-cream Freezers,	each	2.50	3.25	2.40	3.20	2.30	3.30	2.25	3.10	2.35	3.30
Knives and Forks,	set	1.25	1.60	1.20	1.50	1.30	1.75	1.20	1.70	1.25	1.65
Lanterns,	doz.	6.00	7.50	6.25	8.00	6.00	7.80	6.20	8.00	6.10	7.75
Mortise Locks, No. 1185,	"	4.50	6.00	5.00	6.80	4.80	6.25	4.75	6.20	4.90	6.35
Nails, 8d, wire,	keg	3.00	4.00	3.20	4.25	3.10	4.25	3.25	4.20	3.10	4.20
Planes, No. 4,	doz.	24.00	30.00	25.00	32.00	23.00	30.00	22.50	29.00	25.00	31.00
Railroad Picks, 9-lb.,	"	10.00	13.00	9.00	12.00	11.00	15.00	9.50	12.50	10.50	14.25
Steelyards,	"	12.00	16.00	12.50	17.50	13.00	18.00	12.25	16.25	12.00	15.80
Steel Axes,	"	9.00	12.00	10.00	12.50	9.50	13.00	9.75	12.25	9.25	12.50
Try-squares, 6-in.,	"	4.50	6.00	5.00	7.00	4.75	6.30	4.80	6.50	4.60	6.20

Form 5: Invoice of Turner & Moss, City, May 14. Terms: on account.

12 doz. Carpenter's Chisels	6 doz. Hammers
10 doz. Coal Hods	6 Ice-cream Freezers
15 Copying Presses	6 doz. Handsaws
20 doz. Door Knobs	10 Grindstones
10 sets Knives and Forks	

Form 6: Invoice of Wilder & Chase, City, May 16. Terms: on account.

10 doz. Lanterns	10 kegs Nails
6 doz. Mortise Locks	6 doz. Planes, No. 4

Form 7: Invoice of Dunn & Sanford, City, May 20. Terms: on account.

10 doz. Railroad Picks	6 doz. Axes
6 doz. Steelyards	10 doz. Try-squares

MEMORANDA OF TRANSACTIONS FOR MAY

Directions and Suggestions. — Observe the following general directions and suggestions:

1. The same books will be used as in the preceding set.
2. As this set represents an entirely new business, new pages will be used in all the books, except the purchase book.
3. Consult your teacher about beginning the work.
4. The business practice will be nearly the same as in the preceding set. Many directions that have been given will not be repeated. If in doubt about anything, consult your teacher. **All payments are to be made by check.**

1. Begin a General Hardware Business this day, investing cash, \$3000.

Receive the currency of your teacher. Enter in the cash book.

1. Deposit in Union Bank \$2500.
2. Write a letter to Turner & Moss, City, ordering the goods outlined in Form 1.

Receive the invoice and make a check for the amount. Enter in the cash book, Mdse.

3. Give Asa Morris your check for \$40 for the rent of the store.
4. Pay H. L. Mills's bill for office books and stationery.

Receive the bill, Form 2, and make a check for the amount. Enter in the cash book, Expense.

5. W. D. Mendon, City, has written you a letter ordering the following goods. Fill the order. Terms: cash.

4 doz. Carpenter's Chisels	1 doz. Handsaws
3 Copying Presses	5 sets Knives and Forks
4 Grindstones	2 doz. Mortise Locks

Make out a receipted invoice and receive the money. Enter in the cash book, Mdse.

6. Hall & Son have written you a letter ordering the following goods. Fill the order. Terms: on account.

3 doz. Carpenter's Chisels	6 sets Knives and Forks
1 doz. Planes, No. 4	2 Copying Presses

Make out the invoice and record it in the sales book.

7. Write a letter to Wilder & Chase, City, ordering the goods outlined in Form 3.

Enter in the purchase book.

8. Strong & Hunter, City, have written you a letter ordering the following goods. Fill the order. Terms: 3 days.

4 doz. Coal Hods	5 doz. Hammers
3 kegs Nails	3 Ice-cream Freezers
5 doz. Door Knobs	2 doz. Lanterns

9. Write a letter to Dunn & Sanford, City, ordering the goods outlined in Form 4.

10. Give Wilder & Chase your check for one-half of the invoice bought of them on the 7th. Enter the amount in the cash book.

If there is a half-cent in the division, add one cent.

It is the uniform practice throughout this book to reckon the odd cent on the first transaction.

10. Deposit all the cash on hand except \$100.

11. Receive of Strong & Hunter cash for the invoice sold them on the 8th. Write a receipt and receive the money.

12. Withdraw \$50 for personal use.

Write a check payable to "Self" or "Cash," get it cashed at the bank, and place it in the envelope entitled *Personal Cash*. Enter in the cash book.

13. L. P. Austin, City, has written a letter ordering the following goods. Fill the order. Terms: on account.

5 doz. Railroad Picks	5 doz. Try-squares
2 doz. Steelyards	5 doz. Hammers
6 doz. Axes	3 Ice-cream Freezers

14. Write a letter to Turner & Moss, City, ordering the goods outlined in Form 5.

15. Wilson & Barton, City, have written a letter ordering the following goods. Fill the order. Terms: 10 days.

10 doz. Door Knobs	3 Ice-cream Freezers
3 doz. Hammers	6 sets Knives and Forks
2 doz. Handsaws	4 doz. Carpenter's Chisels

16. Write a letter to Wilder & Chase, City, ordering the goods outlined in Form 6.

17. Give Wilder & Chase your check for the balance of the invoice bought of them on the 7th.

18. John Howe, City, has written a letter ordering the following goods. Fill the order. Terms: cash.

4 doz. Lanterns	5 kegs Nails
3 doz. Mortise Locks	3 doz. Planes, No. 4

19. Strong & Hunter, City, have written a letter ordering the following goods. Fill the order. Terms: on account.

6 doz. Carpenter's Chisels	8 doz. Door Knobs
4 doz. Coal Hods	4 Grindstones
5 Copying Presses	3 doz. Hammers
3 doz. Handsaws	5 sets Knives and Forks

20. Write a letter to Dunn & Sanford, City, ordering the goods outlined in Form 7.

21. Receive cash of L. P. Austin, City, to apply on the invoice of the 13th, \$100.

22. John H. Sand, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

6 doz. Railroad Picks	5 kegs Nails
5 doz. Steelyards	5 Ice-cream Freezers
10 doz. Try-squares	4 doz. Lanterns
3 Grindstones	6 doz. Carpenter's Chisels

23. Receive cash of Strong & Hunter for one-half of the invoice sold them on the 19th.

24. Deposit all the cash on hand except \$100.

24. Give Dunn & Sanford your check for the amount of the invoice bought of them on the 9th.

25. Receive of Wilson & Barton cash for the invoice sold them on the 15th.

26. Give Wilder & Chase your note, at 15 days, for invoice of the 16th.

After writing the note enter in the journal and hand it in.

Take the invoice to your teacher and have it receipted.

Form for receipting when paid by note: *Paid by note at 15 days.*

Wilder & Chase.

27. P. D. Anson, City, has written a letter ordering the following goods. Fill the order. Terms: 10 days.

3 doz. Coal Hods	5 Grindstones
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5 Copying Presses	2 doz. Hammers
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4 doz. Door Knobs	1 doz. Handsaws
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28. Give Turner & Moss your check for one-half of the invoice bought of them on the 14th.

28. Receive cash of Hall & Son, to apply on the invoice sold them on the 6th, \$50.

29. L. P. Austin, City, has written a letter ordering the following goods. Fill the order. Terms: 10 days.

4 sets Knives and Forks	3 doz. Mortise Locks
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3 doz. Lanterns	4 kegs Nails
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29. Wilson & Barton, City, have written a letter ordering the following goods. Fill the order. Terms: on account.

2 doz. Planes, No. 4	2 doz. Steelyards
----------------------	-------------------

4 doz. Railroad Picks	4 doz. Axes
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30. Receive cash of John H. Sand on the invoice of the 22d, \$200.

31. Pay clerks' salaries, \$60. Make the check payable to your teacher.

31. Deposit all money on hand. Leave your pass book at the bank.

Hand all books to your teacher for correction.

INVENTORIES, MAY 31, 19—

Merchandise:

4 doz. Carpenter's Chisels	2 doz. Lanterns
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7 doz. Coal Hods	2 doz. Mortise Locks
------------------	----------------------

6 Copying Presses	3 kegs Nails
-------------------	--------------

5 doz. Door Knobs	3 doz. Planes
-------------------	---------------

4 Grindstones	5 doz. Railroad Picks
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3 doz. Hammers	3 doz. Steelyards
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2 doz. Handsaws	8 doz. Steel Axes
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2 Ice-cream Freezers	15 doz. Try-squares
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4 sets Knives and Forks	
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Expense:

Office Books and Stationery	\$12
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CLOSING THE WORK FOR MAY

Follow the preceding directions for closing all books.

Posting. — In posting observe the following:

1. Open new accounts for all work in May.
2. Space in the ledger, the same as in March.
3. All items are to be posted in the same way as in the preceding set.

Balance Sheet and Statements. — After posting proceed as follows:

1. Make a trial balance and balance sheet.
2. Make the two statements.
3. Have the above corrected by your teacher.

Closing the Ledger. — Proceed to close the ledger as follows:

1. Merchandise. (Use inventory.)
2. Expense. (Use inventory.)
3. Loss and Gain. (Net gain.)
4. Student's account. (Present worth.)

Do not close any of the other accounts

Hand all books to your teacher for inspection. Is this the best work you have done thus far?

REVIEW EXERCISES

Turn to Set I, January. This work was all placed in the journal; the student will now enter all *cash* items for the month in the cash book, using a part of a journal sheet for a cash book. This work is to be done without any help from the teacher, and the balance to be entered and the cash book properly closed. Hand the completed cash book to your teacher for inspection.

Use the month of February, Set II, for a cash-book exercise, on the same plan as given above for Set I. After all the cash items have been recorded, enter the balance, close the cash book and hand it to your teacher for inspection.

To THE TEACHER. — If the above exercises are properly done, the student has a good idea of the use and form of an ordinary cash book. If the work is not well done, he should be given review exercises until he can do satisfactory work.

REVIEW QUESTIONS

1. What is meant by *closing* an account? 2. How do you close a personal account when there is but one item? 3. How do you close a personal account when there is one debit and one credit, and the account balances? 4. How do you close a personal account when there are several debits and several credits, and the account balances? 5. Why is *paging*, in posting, so important? 6. What is a check?

a note? 7. What are the differences between a check and a note? 8. Who are the parties to a check? to a note? 9. What is an indorsement and how is it made? 10. What is the maturity of a note and how is it determined? 11. What is it to discount a note? 12. What is a book of original entry? 13. What is the object of using a cash book? 14. How do you *prove* cash? 15. What does the left side of a cash book show? 16. What does the right side of a cash book show? 17. Explain the posting of a cash book. 18. What is the object in using a sales book? 19. How is a sales book posted? 20. What is the object in using a purchase book? 21. How is the purchase book posted? 22. Why should there be no erasures on a check or a note? 23. What are the uses of a check book? 24. How is a check book proved? 25. What is a pass book? 26. By whom are all entries in a pass book made? 27. How is a check or note canceled? 28. Of what value is a canceled check or note? 29. Why is it not necessary to take a receipt when a check is given in payment? 30. Define the following: invoice; charge; net proceeds; on account. 31. How should errors in posting be corrected? (Teacher explain.) 32. How do you find an error in a trial balance? 33. What does a balance sheet show? 34. What is a statement? 35. If you were keeping a set of books and came to a transaction that you did not understand, what would you do?

Special Exercises.—The teacher will provide transactions (material to be found outside the text-book) for the following exercises and class drills. Journalize all items on manuscript paper (none of these exercises are to be placed in the regular books), and where cash occurs have both the journal entry and the cash-book entry made. Analyze each transaction and entry.

1. A series of transactions where notes are received and given on account.
2. A series of transactions where cash is received for interest-bearing notes.
3. A series of transactions where cash is paid for interest-bearing notes.
4. A series of transactions involving the discounting of bills receivable and bills payable.
5. A series of transactions where cash is both received and paid on account.
6. A transaction in which expense will be credited.

SET IV—MAY AND JUNE

WORK FOR JUNE

BUSINESS FORMS FOR JUNE

The student will write all the following forms before beginning the work for June. Fold and brief all invoices.

Form 8: Invoice of Wilder & Chase, City, June 3. Terms: 10 days.

6 doz. Carpenter's Chisels	5 doz. Hammers
10 doz. Door Knobs	6 doz. Handsaws
6 Grindstones	

Form 9: Invoice of Dunn & Sanford, City, June 5. Terms: on account.

6 Ice-cream Freezers	10 doz. Mortise Locks
12 sets Knives and Forks	20 kegs Nails
10 doz. Lanterns	6 doz. Planes, No. 4

Form 10: Write a note, in your favor, for \$100 at 10 days, dated June 6, with interest at 6%. Sign as follows: P. D. Anson.

Form 11: Bill of H. L. Mills, City, June 9. Terms: cash.

Office Stationery	\$6.75
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Form 12: Invoice of Turner & Moss, City, June 12. Terms: one-half cash, one-half in 30 days.

10 doz. Carpenter's Chisels	6 Grindstones
5 doz. Coal Hods	6 doz. Hammers
6 Copying Presses	5 doz. Handsaws
6 doz. Door Knobs	

Form 13: Invoice of Wilder & Chase, City, June 15. Terms: one-half cash, one-half in 30 days.

6 Ice-cream Freezers	12 doz. Mortise Locks
10 sets Knives and Forks	20 kegs Nails
6 doz. Lanterns	5 doz. Planes, No. 4

Form 14: Invoice of Turner & Moss, City, June 21. Terms: one-half cash, one-half in 10 days.

12 doz. Railroad Picks	6 doz. Axes
8 doz. Steelyards	10 doz. Try-squares

MEMORANDA OF TRANSACTIONS FOR JUNE

Directions and Suggestions. — Observe the following directions and suggestions:

1. The memoranda are a continuation of the work in May.
 2. The same books, price list, etc., should be used.
 3. Begin a new page in both the sales book and journal.
 4. Bring down the balance in the May cash book and continue the June work on the same page.
 5. Call for your pass book.
 6. Compare your pass book with your check book.
1. Give Asa Morris your check for \$40 for rent of the store.
 2. Hall & Son pay the balance on the invoice of May 6 in cash.
 2. Give Turner & Moss your note at 15 days for the balance of the invoice of May 14.

Write the note and have it corrected by your teacher.

3. Write a letter to Wilder & Chase, City, ordering the goods outlined in Form 8.
4. Hall & Son, City, have written a letter ordering the following goods. Fill the order. Terms: 30 days.

4 doz. Coal Hods	3 doz. Carpenter's Chisels
2 Copying Presses	3 doz. Hammers
3 doz. Handsaws	5 doz. Try-squares

5. Write a letter to Dunn & Sanford, City, ordering the goods outlined in Form 9.
5. Arnold & Davis, City, have written a letter ordering the following goods. Fill the order. Terms: one-half cash, balance in 15 days.

3 Ice-cream Freezers	5 doz. Lanterns
3 doz. Try-squares	6 doz. Mortise Locks
8 sets Knives and Forks	2 doz. Planes, No. 4

Make out the invoice and record the entire amount in the sales book.

Hand in the invoice and receive one-half in cash. Record the cash received in the cash book, under the name of Arnold & Davis, and give a receipt.

6. Receive cash of L. P. Austin for balance of the invoice of May 13.

6. P. D. Anson gives you his note at 10 days, with interest at 6%, for \$100, to apply on the invoice sold him on May 27, Form 10.

Receive the note and enter it in your journal.

7. Receive cash of Strong & Hunter for the balance of the invoice of May 19.

Refer to the cash book to learn how much was paid on the invoice.

7. Deposit cash, \$300.

8. Receive cash of L. P. Austin for the invoice of May 29.

9. Give Dunn & Sanford your check for the invoice of May 20.

9. Pay bill of H. L. Mills for office stationery by check, Form 11.

10. Your note in favor of Wilder & Chase is due to-day. Give them your check for the face of the note.

For the amount, refer to the journal entry of May 26.

11. Strong & Hunter, City, have written a letter ordering the following goods. Fill the order. Terms: 15 days.

5 doz. Door Knobs	2 doz. Handsaws
3 Grindstones	6 kegs Nails
2 doz. Hammers	4 doz. Try-squares

12. Write a letter to Turner & Moss, City, ordering the goods outlined in Form 12.

Record in the purchase book and give your check for one-half the amount of the invoice.

13. Give Wilder & Chase your check for the amount of the invoice of the 3d.

14. Withdraw \$75 for personal use.

Follow the preceding directions when a withdrawal was made by check, May 12.

14. L. P. Austin, City, has written a letter ordering the following goods. Fill the order. Terms: one-half cash, one-half in 30 days.

4 doz. Carpenter's Chisels	2 Grindstones
3 Copying Presses	3 doz. Hammers
3 doz. Door Knobs	3 doz. Handsaws

Enter the whole amount in the sales book. Receive the cash for one-half, and give a receipt.

15. Write a letter to Wilder & Chase, City, ordering the goods outlined in Form 13.

16. P. D. Anson pays his note and interest, due to-day. Present the note and receive the money.

Remember to make two entries in the cash book.

17. Your note, in favor of Turner & Moss, is due to-day. Pay the same by check. Receive the note when you hand in the check.

18. Take from the business, for personal use, the following:

1 Ice-cream Freezer	1 set Knives and Forks
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1 Copying Press

Enter in the sales book, using *cost prices*.

18. Deposit all the cash on hand except \$50.

19. V. M. Furnham, City, has written a letter ordering the following goods. Fill the order. Terms: cash.

6 kegs Nails	2 doz. Railroad Picks
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Make out the invoice and receipt it. Receive the money.

20. Receive cash of Arnold & Davis for the balance of the invoice of the 5th.

21. Write a letter to Turner & Moss, City, ordering the goods outlined in Form 14.

22. Wilson & Barton, City, have written a letter ordering the following goods. Fill the order. Terms: one-half cash, balance in 10 days.

5 doz. Carpenter's Chisels	5 Grindstones
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3 doz. Coal Hods	3 doz. Hammers
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4 doz. Door Knobs	2 doz. Handsaws
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Follow directions for transaction, June 14.

22. Deposit all the cash on hand except \$25.

23. Give Dunn & Sanford, City, your note at 10 days, with interest, for \$200 and your check for the balance of the invoice received of them on the 5th.

Write the note and enter in the journal. Enter the amount of the check in the cash book. Consult your teacher.

24. John H. Sand, City, has written a letter ordering the following goods. Fill the order. Terms: one-half cash, one-half in 10 days.

6 Ice-cream Freezers	6 doz. Mortise Locks
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8 sets Knives and Forks	10 kegs Nails
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5 doz. Lanterns	3 doz. Planes, No. 4
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Be careful to make the two entries.

25. P. D. Anson, City, has written a letter ordering the following goods. Fill the order. Terms: cash, \$100, balance in 10 days.

5 doz. Railroad Picks	4 doz. Axes
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5 doz. Steelyards	3 doz. Try-squares
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26. Receive cash of Strong & Hunter for the invoice of the 11th.

27. Strong & Hunter, City, have written a letter ordering the following goods. Fill the order. Terms: 10 days.

3 doz. Railroad Picks	4 doz. Try-squares
10 kegs Nails	2 doz. Axes

28. Henry Zaner, City, has written a letter ordering the following goods. Fill the order. Terms: cash.

6 kegs Nails

29. Hall & Son, City, have written a letter ordering the following goods. Fill the order. Terms: on account.

2 Copying Presses	3 Ice-cream Freezers
3 Grindstones	2 doz. Handsaws

30. Pay clerks' salaries for the month, \$60, by check.

Make the check payable to your teacher.

30. Deposit all currency on hand and leave your pass book at the bank.

Have all the work for the month corrected by your teacher.

INVENTORIES, JUNE 30, 19—

Merchandise:

8 doz. Carpenter's Chisels	8 doz. Lanterns
5 doz. Coal Hods	12 doz. Mortise Locks
4 Copying Presses	5 kegs Nails
9 doz. Door Knobs	9 doz. Planes
3 Grindstones	7 doz. Railroad Picks
3 doz. Hammers	6 doz. Steelyards
1 doz. Handsaws	8 doz. Axes
1 Ice-cream Freezer	6 doz. Try-squares
9 sets Knives and Forks	

Expense:

Office Books and Stationery	\$12.50
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CLOSING THE WORK FOR JUNE

May and June constitute one set of books; therefore the work for June will be posted to the same accounts as for May.

For closing the books, posting, making a trial balance and a balance sheet, statements, etc., follow the directions given for April.

After closing the Loss and Gain account and showing the student's present worth, all the remaining accounts should be closed.

NOTE. — After closing all the work for June give your teacher a check for the amount of your bank balance, and hand in all your books.

A GENERAL REVIEW EXERCISE

TO THE TEACHER.— The work of the following exercise should be done by the student without any assistance whatever. If the result is not satisfactory, the student should be given drills until the work he does is satisfactory.

Directions and Suggestions.— In this exercise observe the following directions :

1. Use manuscript cash book, sales book, purchase book.
2. As total amounts are given, the records in the sales book and purchase book will be simply the names and the amounts.
3. Use the current month for dates.
4. After entering the transactions in the different books, post them to the ledger; make a trial balance and balance sheet and the statements.
5. Close the ledger, and hand all work to your teacher.

MEMORANDA OF TRANSACTIONS

1. Begin the Provision Business this day, investing cash, \$2000.
2. Buy of Henry Wilson on account merchandise amounting to \$310.
3. Sell to J. Mitchell for cash merchandise amounting to \$36.
4. Sell David Bell on account merchandise amounting to \$127.
5. Buy of John Williams merchandise amounting to \$865.45. Pay cash, \$500, balance on account.
6. Pay cash for books and stationery, \$8.75.
7. Pay Henry Wilson cash for one-half the invoice of the 2d.
8. Sell J. D. Sampson on account merchandise amounting to \$450.
9. Receive cash of David Bell for invoice sold him on the 4th.
10. Sell J. Mitchell merchandise amounting to \$235. Receive cash, \$100, balance on account.
11. Buy of Amos Hines merchandise amounting to \$675, on account.
12. Give Henry Wilson your check for balance on invoice of the 2d.
13. Sell Richard Esten on account merchandise amounting to \$315.
14. Pay clerk's salary in cash, \$25.
15. Receive cash of J. D. Sampson, on invoice of the 8th, \$300.
16. Give Amos Hines your check for one-half the invoice of the 11th.

TO THE TEACHER.— The merchandise inventory is to be given by you. Give each student a different amount. Use any number between \$517 and \$938. Observe the work of each student very carefully and give much drill upon the weak portions of work.

PART II—INTERMEDIATE WORK

DRAFTS

A **Draft** is a written order by which one party directs another to pay a certain sum, named therein, at a specified time, to the order of a third party or to the bearer.

Purpose. — The main purpose of drafts is to aid in the collection and payment of debts and to provide a means to avoid the inconvenience, expense, risk, and delay necessarily incident to sending real money — gold, silver, etc. — from one place to another.

Parties. — The original parties to a draft are :

1. Drawer.
2. Drawee.
3. Payee.

The **Drawer** is the one who draws or writes the order.

The **Drawee** is the one on whom the order is drawn.

The **Payee** is the one to whom the order is made payable.

Kinds. — The kinds of drafts with which the average business man has to do are :

1. Sight {
 - a. Personal.
 - b. Bank.
2. Time {
 - a. After date.
 - b. After sight.

Definition of Sight Draft. — A sight draft is an order payable upon presentation.

Ordinary Check and Sight Draft Similar. — You have already become familiar with a class of orders which closely resembles sight drafts; namely, checks. Your check is simply an order on a bank to pay a certain sum out of your deposit, usually to some person or order. You are the **Drawer**; your bank, the **Drawee**; and the person to whom the check is made payable, the **Payee**. Thus it will be seen that a check closely resembles a sight draft. Indeed it is so nearly like a sight draft in every particular that in some states when it is not paid the same steps must be taken to preserve the liability of the parties as are taken in the case of a bill of exchange or draft.

As will be shown in subsequent exercises, a bank draft is nothing more than a check of one banking house upon another banking house to pay a certain sum to some third person or to his order.

QUESTIONS FOR DISCUSSION

1. (a) Who is the drawer of the model check, page 42? (b) the drawee? (c) the payee?
2. Give the drawer's entry when he gave the check to the payee to apply on account.
3. Give the payee's entry when he received the check on account.
4. Give the bank's entry when it pays the check.
5. Write a check: drawer, yourself; drawee, Alliance National Bank; payee, John O. Newman.

Sight Draft

<u>\$500.00</u>	<u>Boston, Mass. May 2, 19</u>
<u>At sight</u>	
<u>Pay to the order of</u>	
<u>C. W. Gray</u>	
<u>Five Hundred 1/2</u>	
<u>Dollars</u>	
<u>Value received and charge to account of</u>	
<u>To F. C. Gorham,</u>	
<u>No. 12 Due Springfield, Mass.</u>	
<u>Mason & Young</u>	

Explanation. — In the above draft it is presumed that:

1. Mason & Young, Boston, Mass., owe C. W. Gray, Springfield, Mass., and wish to pay him something on account.
2. F. C. Gorham, Springfield, Mass., owes Mason & Young.
3. The order has been made and sent to C. W. Gray, after F. C. Gorham has given his consent to having it drawn as above.

NOTE. — While not bound to do so, the drawer usually notifies the drawee before making a draft. Sometimes by the terms of sale a creditor has a right to draw upon his debtor at sight, or a certain number of days from the date of the sale, for the whole or a part of any invoice.

Residence of Drawee and Payee. — While the drawee and payee frequently reside in the same place, it is not necessary that they should. If, in the above draft, Gray resided at Providence and Gorham at Springfield, Gray could leave the draft with his bankers in Springfield for collection. His bankers would send it to some bank in Providence for collection and make the proper entries when they learn that it is paid or dishonored.

If the draft was paid or dishonored, proper notice would be given by the Providence banker to the Springfield banker, who in turn would notify Gray of the fate of the draft.

Summary of Relation of Parties to Drafts. — The parties to a draft usually bear the following relation to each other:

1. Drawee generally owes the drawer.
2. Drawer generally owes the payee.
3. Payee and drawee bear no relation to each other.

Analysis of Drawers' Entry. — Mason & Young will mail the foregoing draft to C. W. Gray and make the proper journal entry. Let us see what the entry should be.

1. Mason & Young have given C. W. Gray an order equivalent to \$500 cash when presented to Gorham. They should therefore debit C. W. Gray.

2. When F. C. Gorham pays the sight draft he has got out of Mason & Young's debt \$500. He will give the money to Gray, but for the account of Mason & Young. Mason & Young should therefore credit F. C. Gorham.

The full entry with the proper explanation would be made in the journal as follows:

Mason & Young's Journal

C. W. Gray	Drew a sight draft	500	
To F. C. Gorham	on F. C. Gorham remit ted it to C. W. Gray; on acct.		500

Analysis of Payee's Entry. — Since the draft is payable at sight, immediately upon its receipt C. W. Gray will take it to F. C. Gorham or place it in a bank as a deposit. In either case Gray will get \$500.

Gray records all cash items in the cash book.

1. In the above transaction he has received cash. He should therefore debit Cash.

2. The cash received has come from Mason & Young, through Gorham. If it were not for Mason & Young's order, Gray could not get the \$500 from Gorham. Gray should therefore credit Mason & Young.

The entry would appear on the left side of the cash book as follows:

Gray's Cash Book

May 4	Mason & Young	Sight draft on acct	500		
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Analysis of Drawee's Entry.— When Gorham sees the draft he will pay it.

He records all of his cash transactions in the cash book.

1. He has given Gray \$500, and in so doing has paid one of Mason & Young's debts. He has got out of Mason & Young's debt and should therefore debit them.

2. He has paid out money and should therefore credit Cash.

The entry would appear on the right side of the cash book as follows:

Gorham's Cash Book

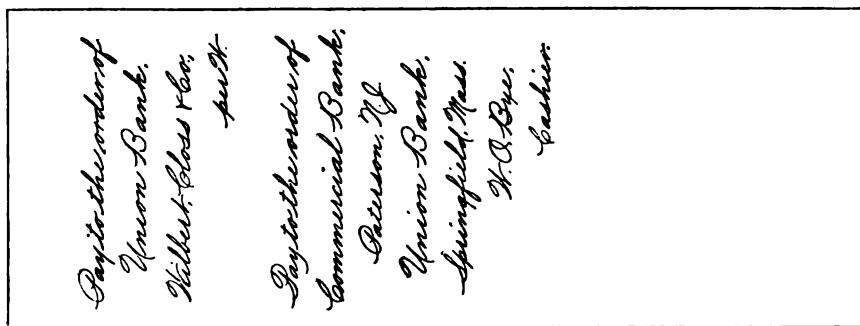
May 4	Mason & Young	Pd their sight draft	500		
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Another Use of the Sight Draft.— Business men frequently employ the sight draft as an aid in the collection of accounts that are past due. For example, suppose Edgar McMickle, Paterson, N.J., owes Wilbert, Closs & Co., Springfield, Mass., \$260.50. This account is over sixty days past due, and Wilbert, Closs & Co. want the money. They write McMickle calling attention to the overdue balance and asking for permission to draw on him at sight. McMickle instructs them to draw on him as proposed. A sight draft is therefore drawn. The following is the usual form for such a draft:

\$ 260.00	Springfield Mass. July 3, 19
At sight	Pay to the order of
Ourselves.	
Two Hundred Sixty <u>7/10</u> Dollars	
Value received and charge to account of	
To Edgar McMickle	
No. 130 Due	Paterson N.J.
Wilbert, Closs & Co.	

Wilbert, Closs & Co. indorse the draft and deposit it with their Springfield bankers. The Springfield bankers indorse it again and forward and charge it to a bank in Paterson with which they are in the habit of doing business. The Paterson bank presents the draft to McMickle and he pays it. The Paterson bank then places the amount to the credit of the Springfield bank or remits it by New York draft.

The following are the indorsements that would appear on the back of this draft:



NOTE.—The blank indorsement is used but little in business. Careful business men prefer the straight form for full indorsement for all negotiable paper left with a bank. (Your teacher will explain why.)

The indorsements "For deposit, Baker & Co.," "For deposit to the credit of Jarvis, Cooper & Co.," "Pay to the order of Alliance Bank for our collection and credit, Morgan, Wright & Co.," and all other forms of restrictive indorsements are no longer considered good form. Indeed in cities where clearing houses insist that all restrictive indorsements shall be guaranteed, banks are loath to take paper indorsed in a manner that must have their guarantee upon it before collection can be effected.

Necessary Entries for the Second Sight Draft.—There are but two entries necessary for the second sight draft, as the drawer is also the payee. When Wilbert, Closs & Co. draw the draft and deposit it in their bank they will make an entry on the left side of the cash book, debiting Cash and crediting McMickle, as follows:

Wilbert, Closs & Co.'s Cash Book

July 3	Edgar McMickle	Deposited sight draft.	260 50	
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NOTE.—Should the bank make a charge for collecting the draft, the amount of such charge would appear on the right side of Wilbert, Closs & Co.'s cash book.

When Edgar McMickle pays the draft he will debit Wilbert, Closs & Co. on the right side of the cash book, as follows:

McMickle's Cash Book

July 5	Wilbert, Closs & Co.	On their sight dft.	260 50	
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NOTE. — Edgar McMickle had given Wilbert, Closs & Co. permission to draw on him as above and the Springfield bank accepted the draft as a deposit. Sometimes these drafts are drawn without being prearranged for; in that case the drawers are uncertain as to whether the paper will be honored or not, and the bank does not receive it as a deposit, but simply for collection.

When a sight draft is drawn, and it is not known whether it will be honored or not, as a rule no entry is made. If it is paid upon presentation, the entries would be the same as for the above draft.

RULES FOR SIGHT DRAFTS

1. **Drawer's Entry** when a sight draft with three distinct parties is drawn:

Payee
To Drawee

2. **Drawer's Entry** when he draws a sight draft on a third party in favor of himself and deposits it:

Cash
To Drawee

3. **Payee's Entry** when he receives a sight draft, which he knows to be good, on account:

Cash
To Drawer

4. **Drawee's Entry** when he pays a sight draft:

Drawer
To Cash

EXAMPLES FOR WRITTEN PRACTICE

Take some foolscap paper and write the drafts and the entries called for in the following transactions:

1. You owe Ralph M. Williams \$400 on account, and July 2 draw a sight draft on J. B. Kelly & Co., Providence, R.I., in favor of Williams, for the amount.

Make your journal entry, including the necessary explanation.

2. On June 25 you bought a bill of merchandise of Geo. W. Munson & Co., Rochester, N.Y., amounting to \$500.60, subject to a sight draft in 10 days. On July 7 L. W. Anderson of your city presents a sight draft, dated July 5, drawn on you, in his favor, by Geo. W. Munson & Co., for the above amount. You pay the draft by a check on Union Bank.

- a. Write the draft.
- b. Write your check.
- c. Make the necessary journal and cash-book entries for all three parties to the draft, and give full explanations.

3. July 9 you draw a sight draft on Ellis B. Peterson, in favor of yourself, for the invoice of June 2, \$210.90. You then deposit the draft in your bank.

- a. Write the draft.
- b. Show the necessary indorsement.
- c. Make your cash-book entry.

NOTE.— Banks will usually accept sight drafts for deposit, the same as checks, when they are requested to do so by responsible parties. If such drafts are not paid promptly, a counter entry is made, charging them back to the account of the depositor.

When one is in doubt as to the fate of any sight paper it is much better simply to place it with a bank for collection.

EXAMPLES FOR ORAL DRILL

1. Wm. J. Kelly, Charlestown, Mass., owes A. B. Nicholson, Baltimore, Md., \$500. Paul Traver of Baltimore owes Wm. J. Kelly the same amount.

- a. What may Kelly do to serve his convenience in paying Nicholson and save Traver the trouble of sending money from Baltimore to Charlestown?
- b. Are transactions like the above very frequent in business?

2. You draw a sight draft on F. E. Rogers, in favor of W. B. Moore, and send it to the latter to apply on account.

- a. Give your journal entry.
- b. Fully analyze the entry.
- c. Under ordinary circumstances would W. B. Moore receive your sight draft on a responsible party as readily as he would your check? Why?
- d. State clearly the difference between a check and a sight draft.

3. Pay by check Wilson Snushall's sight draft on you, in favor of Seth K. Manning.
 - a. Name the drawer in the above draft; the drawee; the payee.
 - b. State the drawer's entry; the drawee's; the payee's.
 - c. Analyze the drawer's entry; the drawee's; the payee's.
 - d. Name the parties to the check.
4. You draw a sight draft on Alfred Peet & Son, New York City, in favor of yourself, and deposit it in your bank.
 - a. What must you do before your bank will accept the paper?
 - b. Explain how your bank will collect the draft.
 - c. When do banks accept sight drafts for deposit.
5. You receive of James B. Kelsey, to apply on account, his sight draft on Thomas Quinn of your place.
 - a. Give the drawer's entry.
 - b. If Quinn did not live in the same place with you, how would you proceed to collect the above draft?

QUESTIONS ON SIGHT DRAFTS

1. Define draft.
2. State the purpose of drafts.
3. What names are given to the parties to a draft?
4. Give the kinds of drafts in common use.
5. Define and differentiate check and sight draft.
6. What is the drawer's entry when a sight draft having three parties is drawn?
7. What is the payee's entry for a sight draft received?
8. What is the drawee's entry for a sight draft paid?
9. Do all drafts have three distinct parties? Explain.
10. What is the drawer's entry for a sight draft drawn upon a third party in his own favor?

Bank Drafts.—A very convenient as well as common way of making remittances is by means of bank drafts.

A **Bank Draft** is simply an order or check of one banking institution upon another for the payment of money. In buying goods of a firm that does not know your financial standing, or in making a remittance to a stranger in some distant city, the bank draft should always be sent in preference to the check. Even where it is known that a check is good for the amount named therein all business houses prefer the draft, since banks and clearing houses charge exchange on checks on banks outside of New York City and a few other desirable commercial centers.

Illustration of the Use of a Bank Draft.—C. C. Canan, Boston, Mass., wishes to buy a bill of goods amounting to \$400.60 of Jordan, Marsh & Co., Chicago, Ill. It would be unwise for him to send his individual check to cover the amount if his financial standing is unknown to

Jordan, Marsh & Co., since all individual checks are dependent for their value upon the integrity and financial ability of the persons drawing them. Jordan, Marsh & Co. probably would not send the goods until they had satisfied themselves that the check received was good for the amount named therein. In most cases this would cause delay and annoyance. The bank draft would be more desirable in such cases since it passes current for cash in the ordinary transactions of business.

This draft can be bought of almost any bank. Nearly all banks keep a deposit with one or more banks located at the various financial centers of the country, upon which they draw drafts for the convenience of their patrons. All of the leading banks of the country usually keep a deposit in one or more banks in New York City, as that city is the commercial center of the United States. Remittances to these New York banks are generally made up of items received from day to day from patrons on banks in New York City and adjacent towns. Thus banks are anxious to come into possession of New York drafts, and they generally cash them without any charge whatever. For like reasons banks are generally willing to cash all bank drafts on leading commercial centers. New England banks are generally anxious to buy Boston exchanges, since all banks in that section of the country keep a deposit with one or more Boston banks. For the same reasons drafts on banks in New Orleans are generally very desirable in banks in the Gulf States, drafts on Chicago in the Middle West, and drafts on San Francisco on the Pacific coast.

Bank drafts may be bought for cash, but the usual way of buying them is by personal check. The following is the approved form for such a check:

Check to pay for Bank Draft

Boston, Mass., July 16, 19____ No. 365

Traders National Bank

Pay to the order of M. J. draft (co.) Each (50¢) \$11.01.00
Four Hundred One 1/2000 Dollars

C. C. Canan.

Banks sometimes charge a small fee, called **Exchange**, for selling drafts. They are not uniform in these charges however. Many banks rarely make any charge to customers who do a regular business with them.

In these exercises the principle of exchange is illustrated.

For the foregoing check Traders National Bank would issue the following draft:

Bank Draft

<i>Boston, Mass., July 16, 19____ No. 922.</i>	
Traders National Bank	
<i>Pay to the order of C. C. Canan — \$400.60.</i>	<i>Four Hundred 60 — Dollars</i>
<i>To Chemical National Bank } W. A. Hinman</i>	<i>New York } Cashier</i>

Analysis of Entries. — For the goods bought, C. C. Canan will probably make an entry in his invoice book. This will debit Merchandise and credit Jordan, Marsh & Co. When the draft is sent, C. C. Canan will debit Expense for the 50¢ exchange, and Jordan, Marsh & Co. for \$400.60, the amount of the draft remitted.

NOTE. — Some business houses prefer to open an account with Exchange, or Collection and Exchange, for the bank charges for the above draft and similar fees charged by banks for collecting out-of-town paper, etc. When these items are of frequent occurrence the opening of this extra account is recommended.

The above entries would appear on the right side of Canan's cash book as follows:

July 16	Jordan, Marsh & Co	Dft. for Inv. Mdsu	400.60
16	Expense	Exchange on above	50

When Jordan, Marsh & Co. fill C. C. Canan's order they will probably enter the record in their sales book. For the draft received they will credit C. C. Canan on the left side of their cash book, as follows:

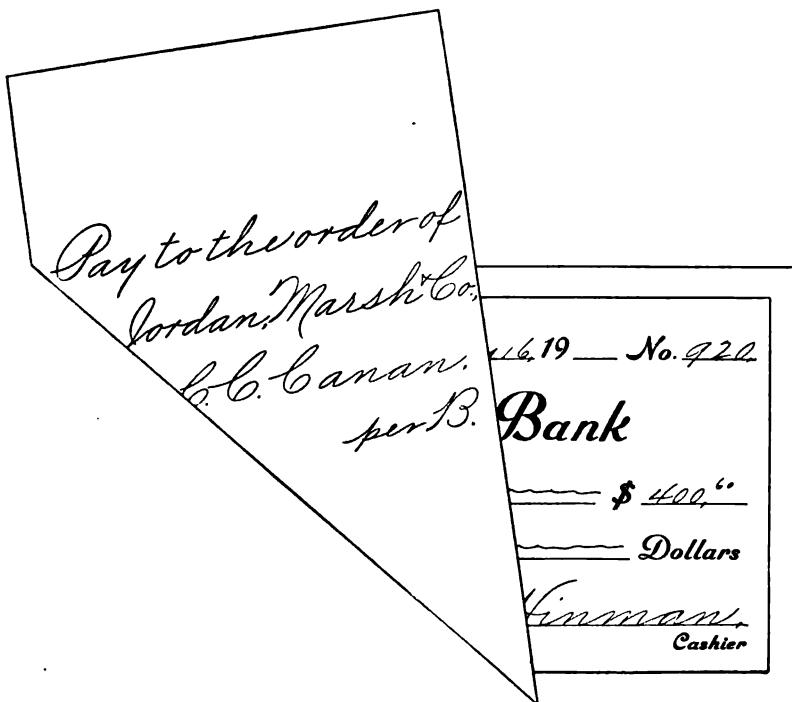
July 17	C. C. Canan	Dft. for Inv. this da	400.60
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These drafts are sometimes written payable to the one to whom they are to be sent. The better way, however, is to have them written payable to the remitter, who will indorse them over in full to the one to whom they are to be sent.

The advantages claimed for this last form are:

1. If the draft is drawn payable to the remitter, an indorsement in full will indicate by whom it was sent, and thus serve the purpose of a receipt.
2. It is more convenient for a bookkeeper to make proper credits if he receives drafts drawn payable to the remitter.
3. If a number of drafts were received in one mail and by some accident became mixed, the draft on its face indicates the name of the remitter, and there is less liability to error in making the proper entries.

The following shows the foregoing draft properly indorsed:



Jordan, Marsh & Co. will deposit the draft with their bank in Chicago as cash. This bank will forward the draft to its New York correspondent, it will be presented to the Chemical National Bank of that city, and that bank will pay it and charge it to the Traders National Bank of Boston, Mass.

When the Traders National Bank of Boston, Mass., receives C. C. Canan's check for \$401.10 they will charge the amount to his account and credit the Chemical National Bank of New York for \$400.60, the amount of the draft drawn, and Exchange for 5¢, the amount charged for the draft.

The last two entries would be on bank books with which the student is not now familiar, and it is thought best not to give any illustrations for these records.

Bank drafts are usually taken from a bound book resembling the regular check book. When a draft is sold a stub similar to the check stub is filled out, and later posted to the proper register.

EXAMPLES FOR WRITTEN PRACTICE

1. You wish to remit Curtice Bros. & Co., Rochester, N.Y., a New York draft for \$48.92. You write your check on the First National Bank of your place for the amount, including 15¢ exchange on the draft, and that bank gives you a draft payable to your order on the National Bank of Redemption, New York.

- a. Write your check.
- b. Write the New York draft.
- c. Show the indorsement for the draft before mailing.
- d. Make your cash-book entry.

2. You have received of John O. Marvin & Co. a draft for \$164.38 drawn by the Keystone National Bank of Pittsburg, Pa., on the Ninth National Bank of Philadelphia, Pa. Draft is drawn in favor of John O. Marvin & Co. and indorsed in full by them to you.

- a. Write the draft.
- b. Make your cash-book entry.
- c. Show the indorsement.

EXAMPLES FOR ORAL DRILL

1. Received from Henry Belmont a bank draft drawn by the Commercial Bank of Rochester, N.Y., on the Fourth National Bank of New York for the amount of the invoice of Jan. 25, \$4892.

- a. Fully analyze your entry for the draft.
- b. Assuming that Belmont bought the draft by check, paying \$2.25 exchange, analyze his entry at the time of sending you the draft.

2. Buy by check a bank draft and send it to L. L. Williams in full for your note of Jan. 2, \$250. Exchange, 50¢.

- a. Analyze your entry on remitting the draft.
- b. Analyze Williams's entry on receiving the draft.
- c. In whose favor should the draft be drawn? Why?

3. Buy a New York draft for \$50 in favor of yourself, indorse it over to The Jones Mfg. Co., and mail it to them for a set of books, ordered to-day, to be used in your office.

- a. State your entry.
- b. Why was the draft drawn in your favor?
- c. Would it be safe to mail the draft with merely a blank indorsement on the back? Why?

QUESTIONS ON BANK DRAFTS

1. What is a bank draft, and how does it differ from an ordinary check?
2. Clearly explain the use of bank drafts.
3. In whose favor is it best to order a bank draft drawn? Why?
4. How should a bank draft always be indorsed before mailing? Why?
5. Give an example where a blank indorsement would be as good as a full indorsement.
6. In whose favor should a check to buy a bank draft be drawn? Why?
7. Explain how a bank draft drawn in favor of yourself and indorsed in full to the party to whom you wish to remit it may serve the purpose of a receipt.
8. Are all bank drafts bought by check?
9. If you were a stranger and went into a bank with sufficient money to purchase a bank draft, would the bank issue you the draft without identification? Why?

Time Drafts. — Time drafts are of two kinds; namely, those payable a certain time after date and those payable a certain time after sight, that is, a certain time after being presented for payment.

Draft Payable after Date

\$ 320.00	Boston, Mass., July 6, 19
Thirty days after date Pay to the order of	
William M. McKay	
Three Hundred Twenty ⁰⁰ Dollars	
Value received and charge to account of	
To E. H. Weston,	
No. 12 Due New York	
Fred D. Osgood & Co. per Th.	

An **Acceptance** is a time draft which has been accepted. The foregoing form is an **Acceptance**, and it passes in business as a promissory note.

Without the writing across the face the foregoing draft was simply an order to pay money, and was not binding upon the drawee.

Method of Procedure in handling Time Drafts. — The drawer writes the draft and mails it to payee, who should present it to the drawee for acceptance. In the foregoing draft the date of maturity was not determined by the acceptance of E. W. Masten, and it was not absolutely necessary for William M. McKay to present the bill until it was due, and then only for payment; but since until the draft is accepted there is no promise on the part of Masten to pay it, it would be unbusiness-like on the part of McKay not to present the draft for acceptance within a reasonable time after it was received.

When the foregoing draft is presented, Masten is not bound to accept it. However, if he does accept it, he becomes the **acceptor** and is held for its payment in the same way that he would be held if he had written his promissory note for the amount.

Manner of accepting. — If the drawee is willing to meet a draft on him according to the conditions named therein, he writes the word *Accepted* and signs his name. This is generally done in red ink across the face of the draft, though the color of the ink has no particular significance.

In those states that allow days of grace on sight drafts it is necessary to have them accepted the same as time drafts payable after sight, unless they are paid upon presentation.

Analysis of Entries of Parties to a Time Draft. — Compare the foregoing draft with the sight draft explained on page 80. The relation of the parties is identically the same. Osgood & Co. owe McKay, and Masten owes Osgood & Co. It is expected that Masten will accept the draft when it is presented to him by McKay.

Drawers' entry:

1. F. V. Osgood & Co. have given William M. McKay value in the form of what, when accepted by E. W. Masten, is the same as bills receivable. Therefore they should debit McKay.

2. When Masten accepts the draft he binds himself to pay one of Osgood & Co.'s debts. He is expected to honor the draft, and Osgood & Co. should therefore credit him, because by accepting the draft he will have got out of their debt to the amount of \$320.64.

F. V. Osgood & Co.'s Journal Entry

Wm. M. McKay To E. W. Masten	Drawee's da. draft on E. W. Masten and remitted it to W. M. McKay on acct.	320 64	320 64
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Payee's entry:

1. The payee, William McKay, instead of receiving cash, as in the case of the sight draft, has simply received E. W. Masten's written promise to pay. We have already learned that other people's written promises are debited to Bills Receivable when received.
2. Now, as in the case of the sight draft, F. V. Osgood & Co. are responsible for McKay's getting the draft, and he should credit them.

William M. McKay's Journal Entry

Bills Rec. To F. V. Osgood & Co.	Recd their draft on E. W. Masten, which has this day been accepted	320 64	320 64
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Drawee's entry:

1. When E. W. Masten has accepted the foregoing draft he has given the equivalent of his promissory note, and we have already learned that when one issues his promissory note he credits Bills Payable.
2. Now it is for F. V. Osgood & Co. that Masten has promised to be bound by this draft; therefore he should debit them.

E. W. Masten's Journal Entry

F. V. Osgood & Co. To Bills Pay.	Accepted their da. draft favor Wm. M. McKay	320 64	320 64
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Draft Payable after Sight

<u>\$ 250.00</u>	<u>Boston Mass. July 20, 19</u>
<u>Thirty days after sight</u> <u>Pay to the order of</u>	
<u>L. B. Wade & Co.</u>	
<u>Two hundred and Fifty dollars</u> <u>Dollars</u>	
<u>Value received and charge to account of</u>	
<u>To</u> <u>W. S. Smith</u>	<u>L. B. Kenney & Co.</u>
<u>No. 17 Due</u> <u>Springfield Mass</u>	<u>per month</u>

The above draft is the same in every particular as the draft drawn payable *after date* except as to the manner of acceptance. In an order payable *after sight* it is necessary to date the acceptance in order to fix the date of maturity.

Another Use of Time Drafts. — The ordinary time draft is sometimes used in connection with sales of merchandise. For instance, Quincy, Bradley & Co. sell L. B. Wade & Co. a bill of merchandise amounting to \$1305 on the following terms: 30-day draft for \$500, balance in 60 days.

A draft similar to the following would accompany the bill:

<u>\$ 500.00</u>	<u>Boston Mass. July 15, 19</u>
<u>Thirty days after date</u> <u>Pay to the order of</u>	
<u>Ourselves</u>	
<u>Five Hundred Dollars</u> <u>Dollars</u>	
<u>Value received and charge to account of</u>	
<u>To L. B. Wade & Co.</u>	<u>Quincy, Bradley & Co.</u>
<u>No. 72 Due</u> <u>Westfield Mass</u>	<u>per month</u>

The object of drawing a time draft in connection with a sale of merchandise is twofold.

1. When accepted, the draft serves as a written contract.
2. Since an acceptance is negotiable it may be discounted and cash may be realized upon it before maturity.

Necessary Entries for Second Time Draft. — The sale will be recorded in the sales book in the regular way. No entry will be made for the draft until it is returned accepted.

Some houses instead of mailing the foregoing draft with the invoice would place it in their bank for collection. This is coming to be the usual way of handling paper of this kind, but both methods are illustrated in this work.

If Quincy, Bradley & Co. should put the foregoing draft in the hands of their bankers for collection instead of sending it to the drawees, they should make the entry the same as though the draft were in their possession accepted, for L. B. Wade & Co., by the terms of the purchase, have contracted to accept the draft.

The following would be the form of the journal entry:

Quincy, Bradley & Co.'s Journal

Bills Rec. To L.B. Wade & Co.	Our so-da. draft on them given to the bank for col- lection	500	505
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Should Quincy, Bradley & Co. wish to offer the draft, when accepted, for discount, they may do so. If they offered the foregoing draft for discount July 20, the date it is assumed they received it from L. B. Wade & Co. accepted, they would make the following cash-book records:

Left Side

July 20	L.B. Wade & Co.	Dft. recd & disc'd	500	
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Right Side

July 20	Int & Disc	L.B. Wade & Co. draft	2.05	
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NOTE. — Some business men might prefer to make two distinct entries for the above, as follows:

1. *Bills Receivable to L. B. Wade & Co.* for the acceptance received.
2. *Bills Receivable* on the left-hand side of the cash book, \$500, and *Interest and Discount* on the right-hand side for \$2.08, when the acceptance was offered for discount.

The first method is preferred as it is shorter and shows the full transaction.

RULES FOR TIME DRAFTS

1. **Drawer's Entry** when a time draft with three distinct parties is drawn:

Payee
To Drawee

2. **Drawer's Entry** when he draws a time draft on a third party in favor of himself and leaves it with his bank for collection:

Bills Receivable
To Drawee

3. **Drawer's Entry** when he receives his draft, drawn in his own favor, accepted:

Bills Receivable
To Drawee

4. **Payee's Entry** when he receives a time draft properly accepted:

Bills Receivable
To Drawer

5. **Drawee's Entry** when he accepts a time draft:

Drawer
To Bills Payable.

EXAMPLES FOR WRITTEN PRACTICE

1. W. G. Gambee drew on you at 45 days' sight, in favor of F. R. Berriman, for \$500, and you accepted the draft.

- a. Write the draft.
- b. Show your acceptance.
- c. Make the entries for each party.

2. You bought of R. H. Macey & Co., New York, 750 yds. Scotch ginghams at 15¢, and accepted their 30-day draft in favor of themselves for the amount of the bill.

- a. Write the draft including your acceptance.
- b. Make your entry for the draft.
- c. Make R. H. Macey & Co.'s entry when they receive the draft accepted.

In the above it is assumed that R. H. Macey & Co. made one entry in their sales book at the time of shipping the goods, and another on receipt of your acceptance. Also that you entered the bill in your invoice book and made a journal entry for that draft accepted.

EXAMPLES FOR ORAL DRILL

1. You draw a draft payable 30 days after date on W. K. Darling, in favor of Isaac B. Langley.
 - a. Analyze your entry when you draw the draft.
 - b. State the drawee's entry when he accepts the draft.
 - c. Will the acceptance need to be dated? Why?
2. You accept J. E. Keating's draft at 10 days' sight, in favor of Wells & Warriner.
 - a. State your entry.
 - b. When does the time begin to run on a draft drawn payable *after sight*?
3. You pay your acceptance of Jan. 20, in favor of Z. P. Zaner, due to-day, by a sight draft on Wm. J. Briggs.
 - a. State your journal entry.
 - b. Analyze the entry.
 - c. State Z. P. Zaner's entry when he receives your draft on Briggs.
 - d. State Briggs's entry when he pays your draft.
4. Your draft at 10 days' sight for \$200, drawn on The Geo. B. Furman Co., in favor of yourself, for invoice of Jan. 15, has been received accepted.
 - a. State your entry.
 - b. Would the acceptance of The Geo. B. Furman Co. on the above draft need to be dated? Why?
5. The draft in Example 4 is taken to the bank and discounted 8 days before maturity.
 - a. The draft is payable to "Myself." Shall you need to indorse it? Why?
 - b. State your entry when you discount the acceptance.
 - c. State The Geo. B. Furman Co.'s entry when they pay their acceptance at maturity.

QUESTIONS ON TIME DRAFTS

1. Explain the difference between drafts payable *after date* and drafts payable *after sight*. 2. What is meant by the term *acceptance*? 3. To what ledger account would the acceptances of other people be posted? 4. To what ledger account would our own acceptances be posted? 5. When does an acceptance need to be dated? Why? 6. Will banks take unaccepted drafts for collection?

7. When a bill of goods is sold and a time draft drawn for all or a part of the sum, what two ways of handling the draft are there? 8. Will banks discount unaccepted drafts? 9. Give the drawee's entry when he accepts a time draft drawn upon him. 10. Give the drawer's entry when a time draft with three distinct parties is drawn. 11. How do the entries of the drawer of a time draft compare with the entries of the drawer of a sight draft? Why? 12. Give the payee's entry when he receives an accepted time draft to apply on account. 13. Give the payee's entry when he receives payment for an acceptance at maturity. 14. Are sight drafts ever accepted? Why? 15. Are days of grace allowed on sight drafts in your state? on time drafts? 16. An acceptance matures on Sunday. In your state when should it be paid? 17. When, in your state, should notes and acceptances maturing on July 4 be paid? on February 22, if the date occurs on Saturday?

Résumé.—The foregoing illustrations are intended to show how completely the absolute handling of money is avoided in business. As will be seen from work previously given, real money—gold, silver, etc.—has very little to do in promoting exchanges and paying debts. The bills that we call money—bank notes, silver certificates, and greenbacks—are nothing more than promises to pay, and in that sense might properly be classed as commercial paper.

The two sets following deal largely with notes, drafts, checks, etc., and it is deemed advisable to preface the work with transactions to be used as special drill exercises. These exercises, and in some cases many others added by the teacher, should be thoroughly mastered before the work of the sets is begun.

Miscellaneous Examples for Practice.—Take some foolscap paper and cut it into slips the size of the ordinary draft. On these slips write the drafts called for in the following transactions. After a draft has been written, take mucilage and attach it to the top of a journal sheet. Immediately under this make the entries called for.

In case there are indorsements to be written, use two slips, one for the draft and one for the indorsement. Attach both slips to the journal sheet and make the required entries immediately under them.

Illustration.—Jas. M. Fernald drew a sight draft on H. P. Sutton & Co., in favor of David N. Salisbury, for \$300. On receipt of the draft Salisbury deposited it in the First National Bank.

- a. Write the draft and show the indorsement.
- b. Make the entries for all three parties.

The following shows the proper records:

\$300.00	Boston, Mass., July 12, 19—.
At sight pay to the order of David N. Salisbury Three Hundred $\frac{00}{100}$ Dollars, value received, and charge to the account of	
Jas. M. Fernald.	
To H. P. Sutton & Co.,	
Springfield, Mass.	

Day to the order of First National Bank David N. Salisbury
--

Drawer's Journal Entry

David N. Salisbury	Drew a sight draft on H. P. S.	300
To H. P. Sutton & Co.	& Co., in favor of D. N. S.	300

Payee's Entry on the Left Side of the Cash Book

13	Jas. M. Fernald	Recd. his sight draft	300
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Drawee's Entry on the Right Side of the Cash Book

13	Jas. M. Fernald	Paid his sight draft	300
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EXAMPLES FOR WRITTEN PRACTICE

Feb. 1. You pay by check Arthur B. Harrington's sight draft on you in favor of Horace C. Nelson for \$250.

- a. Write the draft.
- b. Make the necessary entries for all the parties.

Feb. 2. Roger P. Mills, Waltham, Mass., has this day accepted your draft at 60 days' sight, dated Jan. 30, in favor of yourself, for \$900. Draft is payable at Alliance National Bank.

- a. Write the draft and show the acceptance.
- b. Show the maturity of the draft.
- c. Make your journal entry.

NOTE. — When the time of a note or draft is expressed in months, calendar months (*i.e.*, without regard to the exact number of days in each month) are used to determine the date of maturity; but when the time is expressed in days the exact number of days is used.

A note or draft due two months from date matures on the corresponding day of the second following month, provided there is a sufficient number of days in that month to make this possible. If there are not, it is due on the last day of that particular month.

Example. — Notes and drafts dated Jan. 28, 29, 30, or 31, and payable one month after date, would each mature on Feb. 28; but if payable 30 days after date, they would be due Feb. 27, 28, and March 1 and 2, respectively.

In most states the added day for leap years is not counted. For example, a note or draft payable 30 days after Feb. 25 in any leap year is due March 27, instead of March 26, as would be the case if the extra day were counted.

Feb. 3. On Jan. 20 you sold Caleb R. Wells merchandise amounting to \$152.64 and he gave you permission to draw on him at sight for the amount of bill after 10 days. You drew the draft to-day and deposited it with your bank, Mechanics National, receiving credit for its face.

- a. Write the draft and show the indorsement.
- b. Make your cash-book entry.

Feb. 4. You take acceptance of Feb. 2 to Mechanics Bank and receive credit for the face, less discount at 6%, for the unexpired time.

- a. Show the proper indorsement.
- b. Make your cash-book entry.

Other people's acceptances are Bills Receivable in your hands. This note has been paid as far as you are concerned. You have allowed the discount.

Feb. 5. On Feb. 1 you sold F. B. Norton, Buffalo, N.Y., on his acceptance at 60 days, 150 doz. cotton half hose at \$2.50. The draft drawn on the date of the sale, payable 60 days after date, has to-day been received accepted.

- a. Write the draft and show the acceptance.
- b. Make your entry for the draft.

No entry was made for the draft at the time of the sale of the goods.

Feb. 6. You bought of Mechanics Bank by check a draft, No. 7521, on the Puritan National Bank, New York City, for \$96.24 and remitted it to S. G. Metzer & Co., Cincinnati, Ohio, in full of account. Exchange on draft, 25¢.

- a. Write a check on Mechanics Bank to cover the draft and exchange.
- b. Write the New York draft. A. B. Turner, Cashier.
- c. Make your entry.

Feb. 8. You draw a sight draft on Howard A. Lane, in favor of A. W. McKinley, for \$92.54, the balance due you on account from Lane.

- a. Write the draft.
- b. Make your entry.

Feb. 10. You draw a sight draft on Frank W. Wilson, Worcester, Mass., in favor of yourself, for invoice of Jan. 25, \$200.50. Leave the draft at Mechanics National Bank for collection.

- a. Write the draft.
- b. Show the proper indorsement.

Feb. 20. You have remitted your draft at sight on Williams & King to Goodwin Bros. in payment of bill of the 18th less 5% discount. Face of the draft, \$190.

- a. Write the draft.
- b. Make your entry.

TEST QUESTIONS ON DRAFTS

1. Are drafts ever interest-bearing? Why?
2. Under what circumstances would you offer a bank sight paper (a) for collection? (b) for deposit?
3. Would the banks in your city readily accept for deposit or for collection any paper with your restrictive indorsement upon it? Why?
4. When will a draft drawn payable 10 days after date mature in your state if the date of draft is Feb. 19, 1904?
5. Are days of grace allowed on either sight or time drafts in your state?
6. As a rule, do banks make any charge for cashing New York drafts? Why?
7. What negotiable paper considered up to this point in the work may, under any circumstances, be treated as cash?

EXERCISES ON OPENING DOUBLE ENTRY BOOKS

The following exercises will show the student how to open double entry books when the proprietor begins business with both resources and liabilities.

1. W. D. Fain begins the Furniture Business July 1, investing as follows: cash on hand, \$2500; merchandise per inventory, \$1600; Jas. R. Milem's note, \$500; accrued interest on note, \$12; real estate, — store and lot, \$5000; rent due from tenants, \$125; office furniture, — safe, books, etc., \$460; Wm. K. Duffey owes him on account \$1240; F. E. Bush, \$400; and C. O. Bond, \$300.

He owes Ralph Dewey \$400; Arthur Lehan, \$1600; he has a note outstanding in favor of Chas. B. Hawley, \$1387, less discount to maturity \$10.95.

The following entry shows the above resources and liabilities properly recorded :

BOSTON, MASS., July 1, 19—

		I, W. D. Fain, have this day begun the Jobbing Furniture Business with the following resources and liabilities:	
		<i>Resources</i>	
C. B	Cash	On hand	2500
	Mdse.	Per inventory	1600
	Bills Rec.	Per bill book	500
	Interest	Accrued on above	12
	Real Estate	Store and lot	5000
	Expense	Due from tenants	125
	Office Fixtures	Safe, etc.	460
	Wm. K. Duffey	Owes on account	1240
	F. E. Bush	Owes on account	400
	Discount	On bills payable	10 95
	C. O. Bond	Owes on account	300
	To W. D. Fain	Total resources	12147 95
		<i>Liabilities</i>	
	W. D. Fain	Total liabilities	3387
	To Ralph Dewey	Due him	400
	Arthur Lehan	Due him	1600
	Bills Pay.	Per bill book	1387

EXERCISES ON OPENING DOUBLE ENTRY BOOKS 103

The cash item should also appear on the left side of the cash book as follows:

July 1	J.	W. D. Fain	Cash invested	2500		
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The cash item is checked *C. B.* in the journal because it has been placed to the debit of the Cash account by the above record.

W. D. Fain's account is checked *J.* in the cash book because this item has been counted in determining the total resources and liabilities in the journal.

Take a sheet of journal paper and make the proper records for the following resources and liabilities. Hand the sheet, when completed, to your teacher for examination and approval.

2. Chas. R. Osgood begins the Furniture Business July 1, investing as follows: cash on hand, \$1700; note of Chas. H. Dean, \$500; accrued interest on the note, \$10; merchandise per inventory, \$2600; A. B. Knowlton owes him on account \$1200; Geo. K. Brown, \$150.

He owes Foster, Hillis & Co. \$250; Traver, Bowe & Co. \$300; M. B. Hanway also holds a note for \$600 against him, and the accrued interest on this note amounts to \$10.

3. C. B. Ellis begins business July 1, investing as follows: cash on hand, \$2000; merchandise per inventory, \$1300; note of F. M. Everitt, \$1200; accrued interest on the note, \$19.50; City Water Works stock, \$4200; earned dividend on the stock, unpaid, \$168; house and lot, 1625 127th Street, \$4500; rent due and unpaid by tenants, \$95; horse and wagon, \$150.

He owes Manning & Son \$1750, C. O. Bond holds a note for \$1200 against him, and there is \$75 due Ellis B. Hanway on the horse and wagon purchased June 15.

Buying Price Lists for July and August

	ARTICLE AND DESCRIPTION	1	2	3	4	5
No. 3116	Antique Card Table . . .	\$14.50	\$11.75	\$12.00	\$14.00	\$20.00
" 2546	Antique Library Rocker . . .	9.00	17.25	9.00	19.50	11.00
" 693	Antique Wardrobe . . .	21.75	21.75	21.75	21.75	21.75
	Blue Chenille Curtain . . .	4.00	3.75	4.00	4.10	3.95
" 16 B	Brass Easel	12.50	12.75	9.00	10.75	9.50
" 635	Brass Bedstead	15.75	16.90	15.00	18.50	15.95
" 15	Cane-seat Dining Chair . . .	1.50	1.45	1.47	1.55	1.51
" 59 A	Cheval Glass	15.25	15.00	15.25	16.00	14.50
" 71 A	Child's Crib	11.50	7.20	14.90	12.00	13.50
" 10	China Closet	17.25	18.00	27.50	15.00	12.90
" 20	Corner Chair	20.00	21.50	22.75	19.25	19.25
" 245	Cedar Chest	8.50	17.25	7.50	7.40	4.60
" 16 A	Complete Dining-room Set .	78.00	73.50	72.00	84.00	80.00
" 572	Drawing-room Suit . . .	75.00	129.50	125.00	100.00	70.00
" 170	English Clothes Pole . . .	3.50	3.75	3.15	3.00	3.10
" 5932	Empire Toilet Table . . .	39.00	37.00	31.50	32.00	21.92
" 3016	Fancy Rocker	7.50	7.50	7.50	7.50	8.00
" 36 B	Gentlemen's Chiffonier . . .	7.50	6.50	15.75	18.50	15.00
" 6387	Hall Settle	16.50	16.50	17.00	18.00	17.50
" 16 K	Leather-seat Dining Chair .	6.50	7.00	6.00	7.00	7.75
" 169 c	Library Table	20.00	21.00	20.00	12.75	37.50
" 91	Lace Curtain	4.50	5.00	4.25	5.50	4.75
" 16	Ladies' Dressing Cabinet .	30.00	20.00	31.00	32.00	30.00
" 835	Music Cabinet	4.00	7.50	7.20	4.50	2.75
" 50	Mahogany Parlor Table . . .	15.25	15.00	16.00	12.00	12.00
" 626	Mahogany Office Chair . . .	12.50	14.00	14.50	12.00	11.00
" 396	Mahogany Hall Stand . . .	43.00	42.50	50.00	49.75	48.50
" 89	Mahogany Chamber Set . . .	60.00	65.00	87.50	50.00	140.00
" 1008	Oak Sideboard	150.00	125.00	120.00	90.00	95.00
" 2229	Oak Dining Table	9.75	10.00	7.50	12.50	9.75
" 73	Oak Writing Desk	7.50	11.00	16.90	12.00	10.00
" 68	Oak Bookcase	7.50	7.50	7.75	7.00	8.00
" 76 A	Oak Chamber Set	11.00	10.50	12.50	9.75	13.75
" 687	Ornamental Table	4.00	9.50	8.00	7.50	3.75
" 20 D	Parlor Cabinet	25.00	41.90	37.50	50.00	27.50
" 821	Parlor Lamp	13.00	8.00	7.50	6.00	9.50
" 176 c	Piano Chair	12.50	7.00	4.50	7.50	11.00
" 57	Reclining Couch	21.00	18.00	17.50	15.00	12.00
" 17 A	Roman Chair	15.00	14.00	16.00	17.00	18.00
" 73	Sofa Bed	30.00	12.50	17.00	15.00	16.00
" 5926	Secretary Book Cabinet .	65.00	115.00	125.00	60.00	50.00
" 65	Turkish Rocker	18.00	19.00	17.50	12.00	15.00
" 27 c	Woven Wire Mattress . . .	1.75	2.00	2.10	3.00	3.75
" 16	Wool Mattress	2.25	2.00	2.25	1.90	2.15
" 495	White Iron Bedstead . . .	3.75	3.00	4.00	4.50	6.00

Selling Price Lists for July and August

ARTICLE AND DESCRIPTION		1	2	3	4	5
No. 3116	Antique Card Table . . .	\$19.75	\$13.50	\$15.00	\$17.50	\$24.00
" 2546	Antique Library Rocker . . .	12.00	29.25	11.75	22.00	13.50
" 693	Antique Wardrobe . . .	25.75	27.50	29.50	28.75	22.90
	Blue Chenille Curtain . . .	5.00	5.00	5.00	5.00	5.00
" 16 B	Brass Easel . . .	15.00	15.00	11.75	18.00	12.00
" 635	Brass Bedstead . . .	22.50	24.00	21.50	23.00	21.69
" 15	Cane-seat Dining Chair . . .	2.25	1.85	1.75	2.22	2.69
" 59 A	Cheval Glass . . .	21.25	21.99	22.00	20.50	19.75
" 71 A	Child's Crib . . .	15.75	9.50	16.79	15.65	18.50
" 10	China Closet . . .	25.00	24.50	39.00	19.90	14.50
" 20	Corner Chair . . .	26.00	26.00	26.00	26.00	26.00
" 245	Cedar Chest . . .	11.00	19.00	9.50	9.65	6.25
" 16 A	Complete Dining-room Set . . .	110.00	98.00	90.50	110.00	95.00
" 572	Drawing-room Suit . . .	100.00	152.25	175.00	125.00	92.50
" 170	English Clothes Pole . . .	5.50	4.10	3.60	3.15	3.15
" 5932	Empire Toilet Table . . .	50.00	39.75	33.75	39.75	27.00
" 3016	Fancy Rocker . . .	10.00	10.00	10.00	8.50	9.75
" 36 B	Gentlemen's Chiffonier . . .	10.00	9.00	17.25	22.50	15.90
" 6387	Hall Settle . . .	23.25	19.25	21.00	22.00	17.75
" 16 K	Leather-seat Dining Chair . . .	9.50	9.00	7.50	9.50	8.00
" 169 c	Library Table . . .	25.00	23.75	21.50	15.00	39.00
" 91	Lace Curtain . . .	6.00	6.00	6.00	6.00	6.00
" 16	Ladies' Dressing Cabinet . . .	40.00	23.50	35.00	39.50	38.50
" 835	Music Cabinet . . .	5.00	9.00	10.00	8.00	8.00
" 50	Mahogany Parlor Table . . .	21.25	20.00	19.25	15.00	12.50
" 626	Mahogany Office Chair . . .	16.50	17.25	19.00	13.50	11.75
" 396	Mahogany Hall Stand . . .	65.00	65.00	65.00	65.00	65.00
" 89	Mahogany Chamber Set . . .	80.00	75.00	112.50	60.00	149.50
" 1008	Oak Sideboard . . .	195.00	145.00	135.00	120.00	117.50
" 2229	Oak Dining Table . . .	12.25	12.00	10.00	15.00	12.75
" 73	Oak Writing Desk . . .	10.00	14.75	18.59	15.00	11.50
" 68	Oak Bookcase . . .	9.75	9.75	9.75	9.75	9.75
" 76 A	Oak Chamber Set . . .	14.25	14.25	14.25	14.25	14.25
" 687	Ornamental Table . . .	5.25	12.00	10.00	9.50	4.50
" 20 D	Parlor Cabinet . . .	37.00	43.50	50.00	65.00	35.00
" 821	Parlor Lamp . . .	16.00	10.00	9.50	7.50	11.50
" 176 c	Piano Chair . . .	17.00	9.00	6.00	9.50	13.00
" 57	Reclining Couch . . .	28.00	21.00	21.50	17.50	14.50
" 17 A	Roman Chair . . .	18.75	18.75	18.75	18.75	18.75
" 73	Sofa Bed . . .	38.00	15.50	19.75	20.00	21.00
" 5926	Secretary Book Cabinet . . .	92.00	137.50	139.50	75.00	65.00
" 65	Turkish Rocker . . .	24.75	22.00	25.00	15.00	18.00
" 27 c	Woven Wire Mattress . . .	3.25	3.00	2.50	4.00	5.00
" 16	Wool Mattress . . .	4.00	3.00	3.00	2.75	2.90
" 495	White Iron Bedstead . . .	5.00	4.00	5.00	5.50	6.50

SET V — JOBBING FURNITURE BUSINESS

Object. — This set is designed to illustrate the Jobbing Furniture Business. A variety of advanced business forms is illustrated and explained, and two new books of record are employed. The transactions deal largely with commercial paper, and the actual handling of money is avoided as far as possible. Notes, drafts, and acceptances, and the relations existing between the parties connected therewith, are made a prominent feature of the work.

Books used. — The books used are the bill book and invoice book, in addition to the books with which the student is already familiar.

Model**Bills**

NO.	DRAWEE OR MAKER	DRAWER OR INDORSER	HOW RECEIVED	WHERE PAYABLE	DATE	
					RECEIVED	DRAWN
1	J. B. Maxwell		On account	Union Bank	July 1	June 15
2	W. D. Rimbach	J. B. Topham	On account	Union Bank	1	3
3	Walker, Brown & Co.	Student's name	Inv. July 2		July	2

Bills

NO.	TO WHOM PAYABLE	FOR WHOSE ACCOUNT	FOR WHAT ISSUED	WHERE PAYABLE	DATE	
					ACCEPTED	DRAWN
1	Allen & Bailey Furn. Co.		In full of acct.	Union Bank		June 25
2	C. O. Boswell	C. O. Boswell	In full of acct.	Union Bank	June 25	20
3	Derby Mfg. Co.	Derby Mfg. Co.	Inv. July 2	Union Bank	July 3	July 3

Bill Book. — This book is used for recording all notes or acceptances which come into the business, or which are issued by the business. The book is generally divided into two parts, one for bills receivable and the other for bills payable. When notes or acceptances are received or issued a full description of the paper should be recorded in the bill book. This book should exhibit the same balances as the Bills Receivable and Bills Payable accounts in the ledger.

The **Model Bill Book** given below is self-explanatory. Care should be taken to record in the proper columns the information called for. Complete records for the first three bills receivable and bills payable for the month of July are properly entered in this model.

NOTE. — The amounts in the model bill book are for price list No. 1.

Bill Book

Receivable

TIME		DATE DUE	AMOUNT	DATE DIS-COUNTED	DATE SENT TO COLLECT	DATE PAID	HOW PAID	REMARKS
30 da.		July 15	INT. 500		July 12	July 15	Paid at bank	
30 da.		3	450		2	3	Paid at bank	
30 da.		Aug. 1	883		2 Aug.	1	Paid at bank	

Payable

TIME		DATE DUE	AMOUNT	DATE PAID	HOW PAID	REMARKS
1 mo.		July 25	INT. 2500	July 25	Charged at bank	
30 da. sight		25	1000	25	Charged at bank	
10 da. sight		13	1376 90	13	Charged at bank	

Model Invoice Book

July 19-

LF.	ORIGINAL INVOICES.	AMOUNT.
12	<p>Boston, Mass. July 2 - 19-</p> <p>Messrs Merrill & Brown, Rochester, N.Y.</p> <p>Bought of Derby Mfg. Co.</p> <p>Terms: <i>1/2 rem net 60 days</i></p>	180 -
14	<p>New York July 6 - 19-</p> <p>Messrs Merrill & Brown, Rochester, N.Y.</p> <p>To Gray, Salisbury & Co., Dr.</p> <p>Terms: <i>1/2 rem net 60 days wt amt less 3%</i></p>	642 37
16	<p>Trenton, N.J. July 1 - 19-</p> <p>Messrs Merrill & Brown, Rochester, N.Y.</p> <p>Bought of C. W. Allen & Co.</p> <p>Terms: <i>1/2 rem net 60 days</i></p>	1144 50
	<p>2-5932 Empire Toilet Tables 39" 351 -</p> <p>2-1002 Oak Sideboards 150" 750 -</p> <p>2-693 Antique Wardrobes 21" 43 50 1166 50</p>	
	<i>Forward</i>	1966 57

July 19-

L.F.	ORIGINAL INVOICES.	AMOUNT.
	<i>Forward</i>	
	Buffalo, N.Y. July 22, 19—	1966.89
	<i>Messrs Merrill & Brown, Rochester, N.Y.</i>	
	<i>Bought of The Mills Furniture Co. Terms, 1/2 net 30 days</i>	1837.50
	100-76 House Wares Mattresses 1" 87.50	
	100-4212 Wool 2" 250—	
	100-1000 Oak sideboards 120 1200—	
	100-16 Ladies' & Gentlemen's 30 300— 1837.50	
July 31	<i>Indoor Dr.</i>	3804.39

Invoice Book. — This book illustrates another form for recording the amounts of all merchandise bought by the business, and is to take the place of the purchase book with which the student is already familiar. It is generally made up of original bills. In regular work these bills are received and audited and then pasted in the invoice book. The net amount of each bill is carried to the money column ruled on the right of each page. In entering items in the invoice book observe the following:

1. Do not allow the edges of the bills to extend into the money column. Invoices coming from different houses will not be of uniform size, and where necessary the edges of some of these bills should be trimmed.
2. Use but little mucilage. Paste the upper and lower corners of the first bill on each page, but paste only the lower corners of all the other bills, and let them lap over each other as shown in the model invoice book.
3. Place the amount of each bill in the money column *directly* opposite the name of the firm of whom the goods have been purchased.

How to post the Invoice Book. — This book is posted in practically the same way as the purchase book. In posting observe the following:

1. Be sure to forward the total of the money column from page to page.

2. At the end of the month, or at such other periods as may seem advisable, post the aggregate of the money column to the debit side of the Merchandise account.

3. Post the amount of each bill directly from the invoice book to the credit of the firm of whom the merchandise was purchased.

Cash Book.—The cash book used in this set differs slightly from that used in the preceding sets. A special column is provided on each side for merchandise discounts. A careful study of the accompanying illustration will enable the student to use this book intelligently.

Cash Receipts, July, 19—

DATE	F			MDSE. DISC. DR.	GENERAL	TOTALS
1	J.	J. H. Sampson	Investment		6000	
8	9	J. E. Bender	Inv. of the 7th, less 3%	36 16	1169 09	
12	12	C. W. Gray	Inv. of the 5th		1240 10	
16	18	Bills Rec.	Moran's note		560	
20	20	Int. and Disc.	On above		5 60	
25	11	C.O.D. Accounts	C. B. Moore		50	
30	11	J. O. Brown & Co.	Inv. June 12, less 1%	12 60	1247 40	10272 19
31	14	Mdse. Disc.	Total for month	48 76		

BUSINESS FORMS FOR JULY

Before taking up the memoranda for Set V the student should prepare the following incoming vouchers.

Be satisfied with nothing short of rapid, accurate work. See if you can prepare all of the following vouchers without an error.

NOTE. — The teacher should assign the student a price list and give him the necessary blank forms, etc., for this set.

In all the following invoices the student is represented as the purchaser.

Form 1: Note of J. B. Maxwell, dated City, June 15, drawn in your favor, payable at Union Bank 30 days after date, for \$500, with interest at 6%.

Form 2: J. B. Topham's draft in his own favor, on W. D. Rimbach, City, transferred to you by full indorsement. Draft is for \$450 and is dated City, June 3, payable at Union Bank 30 days after date.

Cash Payments, July, 19—

DATE	F		MDSE. DISC. CR.	GENERAL	TOTALS
1 10	Expense	Rent		150	
1 10	Expense	Office safe		250	
1 10	Expense	Insurance		120	
3 13	J. O. Moran	Sight draft paid		200	
6 16	Cobb, Bates & Co.	Inv. of the 6th, less 2%	24	1176	
9 18	C. W. Allen & Co.	Inv. of the 6th, less 2%	17 40	852 60	
16 10	Expense	Telegram		1	
16 10	Expense	Stationery, etc.		4 50	
18 15	Bills Pay.	Accept. favor King		900	
20 8	J. K. Levy & Co.	Draft favor Brown & Co.		1100	
21 20	Stoddard & Co.	Inv. of the 10th, less 2%	24	1176	
23 15	Bills Pay.	Note favor Ellis Mfg. Co.		500	
25 20	Int. and Disc.	On above note		5	
26 10	Expense	Salaries to date		120	
27 21	Mdse.	Freight and cartage		50	
31 14	Mdse. Disc.	Total for month	65 40	6805 10	
31	Balance	In safe, 67.09; bank, 3600		3667 .09	
				10272 19	

Form 3: Bill of Thorp, Martin & Thorp, 798 Franklin St., City, dated July 1. Terms: cash, less 2%. Items as follows:

4 M Letter Heads at \$2	1 Ledger at \$6
2 M Envelopes at \$1.50	1 Journal at \$3
1 M Billheads at \$2	1 Cash Book at \$3.50
2 gro. Steel Pens at 75¢	1 Sales Book at \$3
1 qt. Writing Fluid at 75¢	1 Bill Book at \$1.50
1 doz. Pencils at 30¢	1 Invoice Book at \$1

Deduct the discount on the bill and receipt it, per J. O. N.

Form 4: Invoice of Cobb, Bates & Co., 62 Portland St., City, dated July 3. Terms: 3/10, net 30 days. Items as follows:

9 #5932 Empire Toilet Tables	10 #76 A Oak Chamber Sets
12 #36 B Gentlemen's Chiffoniers	5 #1008 Oak Sideboards
5 #16 Ladies' Dressing Cabinets	6 #693 Antique Wardrobes

NOTE. — The space allowed for recording the terms of sale on a bill is generally limited and accountants find it necessary to use symbols and abbreviations to indicate them. The following list explains the meanings of the abbreviations for terms used in this work.

1. **Net 30 days**, meaning that the bill is to be paid in thirty days without discount.
2. **1/30**, meaning that 1% discount will be allowed if the bill is paid within thirty days.
3. **3/10, net 30 days**, meaning that 3% discount will be allowed if the bill is paid within ten days, or the amount of the bill will be due in thirty days without discount.

Form 5: Invoice of Derby Mfg. Co., 17 Portland St., City, dated July 3.

Terms : draft at 10 days for the amount of the bill, less 2%.
Items as follows:

4 #20 D Parlor Cabinets	10 #3116 Antique Card Tables
4 #169 C Library Tables	5 #89 Mahogany Chamber Sets
10 #16 A Complete Dining-room Sets	

Deduct the discount on the bill, as a draft will accompany it when it comes into your possession.

Form 6: Draft of Derby Mfg. Co., dated City, July 3, payable at 10 days' sight, on you, in favor of themselves, for the net amount of the above bill.

Form 7: J. O. Moran's sight draft, dated City, July 5, on you, in his own favor, \$200.

Form 8: Check of J. E. Bender, dated Troy, your state, July 8, in your favor, \$1169.09.

Form 9: Invoice of W. H. Stearns & Co., Chicago, Ill., dated July 9. Terms: 30-day draft for one-half of the bill; balance in 60 days. Items as follows:

100 #15 C. Dining Chairs	20 #626 M. Office Chairs
100 #16 K L. Dining Chairs	20 #3016 Fancy Rockers
10 #2229 O. Dining Tables	5 #2546 Ant. Lib. Rockers

Form 10: W. H. Stearns & Co.'s draft, dated Chicago, Ill., July 9, payable 30 days after date, on you, in favor of themselves, for one-half the amount of the above invoice.

Form 11: Your draft at 30 days from July 5 on Samuel W. Bradley, Bedford, in favor of yourself, accepted, for (No. 1, \$840.25; No. 2, \$693.25; No. 3, \$647.50; No. 4, \$579.50; No. 5, \$694.50). Acceptance is dated July 5.

NOTE. — The numbers in the above form refer to the different price lists.

Form 12: Samuel W. Bradley's draft, dated Bedford, July 12, at 30 days from date, on J. E. Farley, City, in favor of himself, for \$179. Transferred to you by full indorsement.

Form 13: A bank draft drawn by Traders National Bank, Springfield, on Chemical National Bank, New York, July 10; drawn payable to G. H. Ingalls & Co., by A. B. Turner, Cashier, for \$1085.19. Transferred to you by full indorsement.

Form 14: Invoice of C. W. Allen & Co., Trenton, N.J., dated July 9. Terms: 2/30, net 60 days. Items as follows:

24 #27 c W. Wire Mattresses	10 #71 a Child's Cribs
24 #16 Wool Mattresses	24 #495 White Iron Bedsteads
50 #635 Brass Bedsteads	

Form 15: Invoice of William Leavens & Co., 32 Canal St., New York City, dated July 11. Terms: sight draft in 10 days for the amount of the bill, less 2%. Items as follows:

12 #73 Oak Writing Desks	3 #5926 Sec. Book Cabinets
15 #68 Oak Bookcases	6 #396 Mahogany Hall Stands

Deduct the discount.

Form 16: Stoddard & Co.'s draft, dated City, July 14, on you, in favor of themselves, at 15 days from date, for \$400.

Form 17: E. F. Green & Co.'s draft, dated Bangor, July 14, on H. B. Clafin & Co., City, in your favor, at 30 days from date, for \$400.

Form 18: Invoice of Randall Mfg. Co., 126 East 123d St., New York City, dated July 8. Terms: 3/10, 1/30, net 60 days. Items as follows:

10 #57 Reclining Couches	50 #65 Turkish Rockers
5 #73 Sofa Beds	

Form 19: Invoice of S. T. Udell & Co., Chicago, Ill., dated July 16. Terms: sight draft in 20 days. Items as follows:

19 #50 M. Parlor Tables	11 #10 China Closets
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Form 20: William Leavens & Co.'s sight draft, dated New York City, July 20, on you, in favor of themselves, for the net amount of Form 15.

Form 21: C.O.D. envelope. Get \$50 of your teacher and place it in the envelope. Data for the envelope as follows:

Amount of invoice, \$50; amount to be returned, \$50; from (your name); on Chas. B. Lyman, Springfield; dated July 17.

Form 22: Check of David E. Teeter, dated City, July 28, on Traders National Bank, in your favor, for (No. 1, \$1291.95; No. 2, \$1064.74; No. 3, \$1089.49; No. 4, \$982.57; No. 5, \$1102.36).

Form 23: M. N. Overman's draft on Rogers, Peet & Co., Buffalo, dated Albany, July 13, payable at 30 days' sight, for \$469.39. Accepted July 15. Transferred to you by full indorsement.

Form 24: New York draft, dated City, July 24, drawn by Union Bank on Chemical National Bank, in your favor, Chas. H. Palmer, Cashier, for \$319.72.

Form 25: Invoice of C. W. Allen & Co., Trenton, N.J., dated July 23. Terms: 2/30, net 60 days. Items as follows:

17 #572 B Drawing-room Suits 5 #59 A Cheval Glasses

Form 26: Stoddard & Co.'s sight draft, dated City, July 27, on you, in favor of themselves, for \$150.

Form 27: Bill of the Metropolitan Carting Co., dated City, July 28. Items as follows:

July 3, Cartage, \$12.25	
" 10, Cartage, 9.50; Freight, \$126.50	
" 13, Cartage, 7.50; Freight, 54.20	
" 26, Cartage, 3.75	

Receipt the bill; sign Metropolitan Carting Co., per J. H. M.

Form 28: Receipted bill of the Consolidated Gas and Electric Light Co., City, dated July 29. Terms: cash, less 5%. Items as follows:

Meter at current date, 8200 cu. ft.

Meter at last settlement, 2000 cu. ft.

Gas consumed, 6200 cu. ft., at \$1.20 per 1000 cu. ft.

Deduct the discount before receipting the bill. In receipting, sign the name of the gas company, per M. E. F.

After finishing the foregoing forms, hand them to your teacher for correction and criticism. If accepted by him, place them in the envelope marked *Incoming Papers*.

You are now ready to take up the work of Set V.

MEMORANDA OF TRANSACTIONS FOR JULY

JULY 1

You this day begin a Jobbing Furniture Business at 269 Causeway St., with the following resources and liabilities.

Resources

J. B. Maxwell's note, dated June 15, in your favor, payable at Union Bank 30 days after date, with interest at 6%, \$500; interest accrued on the above note to date, \$1.33.

Discount on bills payable, \$4.

Accepted draft for \$450, dated June 3, payable at Union Bank 30 days after date. Draft is drawn by J. B. Topham, in his own favor, on W. D. Rimbach and transferred to you by full indorsement.

All of the stock of furniture of the late Allen & Bailey Furniture Co., as per schedule on file, \$7150.

Cash on hand, \$6200.

Store and lot, 269 Causeway St., as per warranty deed on file, \$7000. Office fixtures, etc., as per schedule on file, \$450.

Two horses, harness, delivery wagon, etc., valued at \$450.

The following persons owe you: J. E. Bender, Troy, \$1350; Samuel W. Bradley, Bedford, \$750; E. F. Green & Co., Bangor, \$400.

Liabilities

Your note at one month from June 25, payable at Union Bank, in favor of Allen & Bailey Furniture Co., for \$2500, with interest at 6%. Interest accrued, \$2.50.

Discount on bills receivable, 15¢.

C. O. Boswell's draft at 30 days' sight, dated New York City, June 20, on you, in his own favor, for \$1000. You accepted it June 25, payable at Union Bank.

You owe the following persons on account: J. O. Moran, City, \$2100; Paine Mfg. Co., Bedford, \$350; Stoddard & Co., City, \$4750.

Enter in the journal, cash book, and bill book. Open accounts with Horse and Wagon and Office Fixtures. Enter all interest and discount items under Interest and Discount.

The item of \$4 under interest and discount on the list of resources is for 24 days' discount on the acceptance in favor of C. O. Boswell. The draft is not interest-bearing, and so will not be worth its face value until maturity. Computing the discount for 24 days we find that a cash payment of \$4 less than the face would cancel the acceptance July 1. Since Bills Payable must be credited for the face of the draft, we treat the discount as an available resource.

In like manner we find that W. D. Rimbach's acceptance is worth 15¢ less than its face value on July 1. Bills Receivable must be debited for the face of the acceptance, and we credit Discount 15¢ to offset the overcharge of resources.

In opening a set of books it is always necessary to find the present value of the notes on hand and outstanding in order to determine the *actual* net investment.

Take J. B. Maxwell's note (Form 1) and W. D. Rimbach's acceptance (Form 2) and place them in the *Unpaid Bills* envelope. The warranty deed, schedule of property on hand, etc., are assumed to be on file, and you will make no reference to them at this time.

Apply to your teacher for the cash investment.

Deposit all the cash on hand, except \$100, in Union Bank.

In this set and in all the work following, the student will make a slight change in the form for check book illustrated in preceding sets. This is done not to multiply special features needlessly, but to place before the learner the two general forms for keeping a check book employed by the average business man. Both forms have their advantages. (Teacher should explain.)

In the form on page 117 note particularly the following changes:

1. The amounts of the checks are not carried to the left stub at all.
2. The aggregate of all deposits, and the checks separately, are added and subtracted, respectively, on the right stub.
3. All deposits are fully itemized on the left stub.
4. All notes, drafts, etc., charged or credited to a depositor's account are fully explained on the left stub.

Pay the bill of Thorp, Martin & Thorp (Form 3) for books, stationery, etc., by check.

Put the bill in your *Paid Bills* envelope. Write the check and hand it in. Debit Expense in the cash book.

Secure an open policy of insurance from the Prudential Insurance Co. for \$12,000 on store, goods, and fixtures at $1\frac{1}{3}\%$ premium. Pay

Form of Check Book

19						
July 1	Dep. ex. ek.	60 50 5200 5260 50	<u>Deposited July 1</u>	5260 50		
			No. 1			
			Date, <u>July 1, 19-</u>			
			To Wm. Farley			
			For inv. of June 20			
			Amount, \$	1250 00		
				4009 90		
July 3	Our acceptance in favor of C. H. Jones charged	1000	<u>Acceptance, July 3</u>	1000		
			No. 2	3009 90		
			Date, <u>July 5, 19-</u>			
			To C. H. Gray			
			For in full of a/cct.			
			Amount, \$	500 90		
				2509		
July 6	C. C. Bond's note collected by Bank Collection	1200 125 1258 75	<u>Note, July 6</u>	1258 75		
			No. 3	3767 75		
			Date, <u>July 10, 19-</u>			
			To J. W. O'Brien			
			For inv. of July -			
			Amount, \$	466		
				3367 75		
			<u>Forward</u>			

the premium by check in favor of Chas. M. Shaw, general agent for your place. Charge Expense.

The policy, it is assumed, was received and filed yesterday.

NOTE.—A policy of insurance is simply an insurance company's contract with the insured. Such a contract usually covers the following:

1. Premium paid by the insured.
2. Term of insurance.
3. Amount of insurance.
4. Description of the property insured.
5. Extent of the company's liability, etc.

This agreement is usually signed by the president and secretary of the company as well as by the local agent of whom you obtain it.

Engage Harry K. Sutton at \$60 and Harvey L. Grant at \$50 per month as salesmen; Michael Donovan at \$30 per month as delivery man; Daniel L. Coon and Geo. W. Ainsley at \$48 and \$40 per month, respectively, as upholsterers and finishers. (Journal memorandum only.)

THINGS TO OBSERVE IN WRITING LETTERS ORDERING GOODS

1. Arrange the items one on a line.
2. Give shipping directions in out-of-town orders.
3. In case of a first order:
 - a. Give satisfactory references.
 - b. State how you intend to pay.
4. When you name prices state at what point you expect the goods F.O.B.
5. Always be definite with regard to the quality and quantity of the things ordered.
6. State the purpose for which the goods are intended. (The teacher should explain under what circumstances this is necessary.)
7. State, if necessary, when the goods must reach you.

Write letters ordering the following goods:

1. Of Cobb, Bates & Co., 62 Portland St., City, the goods outlined in Form 4.

Give references and ask for their best cash discount. Hand in the letter after you have inclosed it in an envelope properly addressed.

NOTE.—In this set no entry will be made at the time of ordering goods. Almost all of the orders are to out-of-town firms, and sufficient time is allowed to elapse for the student to receive the invoice and goods before making any entry.

2. Of William Leavens & Co., 32 Canal St., New York City, the goods outlined in Form 15.

Offer to honor their sight draft in 10 days for the amount of the bill less the regular discount for payments within 10 days.

Give New York City references, as you are a stranger to this firm.

3. Of C. W. Allen & Co., 46 Merrimac St., Trenton, N.J., the goods outlined in Form 14.

You have had dealings with this firm before and expect their regular terms.

4. Of Derby Mfg. Co., 17 Portland St., City, the goods outlined in Form 5.

Ask them to allow you their usual discount, and draw on you for the amount of the bill at 10 days from the date of same.

5. Of W. H. Stearns & Co., Chicago, Ill., the goods outlined in Form 9.

Tell them that you will honor their 30-day draft for one-half the bill, and will pay the balance in 60 days.

Cancel your indebtedness to the Paine Mfg. Co., Bedford, by a sight draft on Samuel W. Bradley of the same place.

Write a letter of remittance and inclose it with the above draft in an envelope properly addressed to the Paine Mfg. Co. Also write a letter to Samuel W. Bradley, notifying him that you have drawn upon him at sight.

The two following forms are suggestive of what the above letters should contain:

1

Boston, Mass., May 25. 19—.

O. M. Behrns & Co.,
Syracuse, N.Y.

Gentlemen:—

Inclosed find a sight draft on K. P. Shedd of your city, drawn in your favor, for Three Hundred Fifty (350) Dollars, in full settlement of account to date.

Kindly acknowledge its receipt, and oblige
Very truly yours,

E. R. Gaylord & Co.,
per M.

Boston, Mass., May 25, 19__.

Mr. K. P. Shedd,
Syracuse, N.Y.

Dear Sir:—

We have this day drawn upon you at sight,
in favor of O. M. Behrns & Co., of your city,
for Three Hundred Fifty (350) Dollars.

Kindly honor the draft upon presentation
and oblige

Very truly yours,
E. R. Gaylord & Co.,
per M.

Hand in the letters. Make an entry in the journal.

JULY 2

David E. Teeter, 360 Main St., City, writes ordering as follows:

10 #5932 Empire Toilet Tables	3 #89 M. Chamber Sets
1 #16 A Comp. Dining-room Set	2 #1008 Oak Sideboards
1 #396 Mahogany Hall Stand	

Fill the order. Terms: 3/5, 1/30, net 60 days.

Make out the bill, copy it in the sales book, and hand it in.

Benj. P. Freeman & Co., 924 East St., City, write ordering the following goods:

12 #170 Eng. Clothes Poles	12 #495 W. Iron Bedsteads
5 #245 Cedar Chests	25 #821 Parlor Lamps

Fill the order. Terms: sight draft in 10 days, less 3%.

Make out the bill, have it approved by your teacher, and copy it in the sales book. Be sure to deduct the discount on the bill as well as in the sales book. Draw a sight draft in favor of yourself and date it ahead 10 days. Have the draft approved by your teacher and place it in your *Business Cash* envelope. Make no entry for the draft. Hand in the bill.

NOTE.—Some accountants prefer to wait until the 10 days are up before drawing the draft. It is considered better, however, to draw the draft at the time of billing the goods, since the matter may be overlooked if it is deferred 10 days.

Walker, Brown & Co., Albany, write ordering as follows:

5 #20 d Parlor Cabinets	10 #835 Music Cabinets
24 #176 c Piano Chairs	15 #821 Parlor Lamps

Fill the order. Terms: draft at 30 days from date.

The goods called for in the above order will be sent by freight, and it will be necessary for you to prepare a shipping order and shipping receipt similar in form to the model which follows:

Shipping Receipt

BOSTON, MASS., July 5, 19—.

Received from C. H. Williams & Co.

By THE COMMERCIAL TRANSPORTATION CO.

The property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said Company agrees to carry to the said destination, if on its road, otherwise to deliver to another carrier on the route to said destination.

It is mutually agreed, in consideration of the rate of freight charged for this service, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained, and which are hereby agreed to by the shipper and by him accepted for himself and assigns as just and reasonable.

Consignee J. W. Mullen & Co.

Destination Springfield, Mass.

MARKS	Quantity	ARTICLES	WEIGHT Subject to Correction
	100	Roman Chairs	
	100	Duney Rockers	

For the corporation,

Freight Agent

THINGS TO BE OBSERVED IN PREPARING BILLS OF LADING

1. In actual business a freight agent must be in possession of the goods to be shipped before he will sign a freight receipt.

2. These receipts, commonly called *bills of lading*, are sometimes drawn up in sets of three, but more generally in sets of two. The first is generally stamped *Shipping Order* and is signed by the shippers and filed by the freight agent for reference should a question arise with regard to the shipment at any time; the second is generally stamped *Shipping Receipt* and is signed by the freight agent, returned to the shippers, and mailed by them to the person to whom the goods are shipped.

When these receipts are drawn up in sets of three the third is generally stamped *Duplicate*, is the same as the shipping receipt in every way, and is retained by the shippers for reference in case the goods shipped are miscarried, or anything of that sort.

3. Parties to whom goods are shipped must present the shipping receipt before they can obtain the goods. Should any transportation company deliver the goods without first obtaining the shipping receipt, it renders itself liable to the shippers for the full value of the goods so delivered.

4. These receipts are sometimes drawn payable to the order of a third party, in which case they pass hands by indorsement, the same as any negotiable instrument. This point will be more fully illustrated later on.

5. A shipping receipt drawn up in the regular way is not negotiable.

Sign the shipping order just made and take the shipping receipt to your freight agent or teacher for signature. Place the shipping receipt with the invoice, inclose both in an envelope addressed to Walker, Brown & Co., and hand them in. The shipping order is left with the freight agent.

These bills of lading should be made out as above for all merchandise sold to out-of-town customers.

Draw a draft payable 30 days from the date of the bill, in favor of yourself, and record it in your bill book. Indorse the draft properly and leave it with your bank for collection. See explanation in connection with the draft illustrated on page 94. It should be borne in mind that Walker, Brown & Co. have agreed to accept the draft, and that you do not doubt its being honored in due course.

Make no entry in the check book. Some banks would enter paper left for collection in "short" in the pass book; *i.e.*, enter a record of the paper but not extend the amount into the money column, as follows:

July	2	Dft. on Day Bros., Troy, \$642.50		
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In this work no entry will be made in the pass book except for paper accepted for deposit or placed to your credit.

Make an entry in the journal the same as if the draft were in your possession accepted.

Leave W. D. Rimbach's acceptance at the bank for collection.

Indorse it properly, and make the proper entry in the *Date Sent to Collect* column of the bill book.

JULY 3

J. E. Bender, City, has agreed to honor your sight draft, in favor of Stoddard & Co., for \$300.

Write the draft and the letters and hand them in. Make the proper entry in the journal.

The Metropolitan Carting Co. has just delivered to you the goods ordered of Cobb, Bates & Co. on the 1st.

Look up the invoice (Form 4). Enter in the invoice book. (See illustration, page 108.)

THINGS TO BE OBSERVED WHEN ENTERING PURCHASES IN THE INVOICE BOOK

1. In actual business never enter a bill in the invoice book until the goods have been received. Sometimes it may happen that more than one bill is sent for the same lot of goods, or perhaps a bill is sent and the goods not delivered.

2. When the goods have been received the invoice for the same should be looked up and compared with the articles delivered.

3. If everything called for on the invoice has been received, the bill should next be compared with the order to find out whether or not you have received the goods you wrote for.

4. If the items on the bill tally with the order, next see if the prices and terms are what you bargained for.

5. Examine the extensions of the invoice carefully and, if everything is found correct, paste the bill in the invoice book.

6. If your checking shows any irregularities on the bill or in the goods received, do not paste the invoice in the invoice book, but hold it, and immediately notify the parties of whom you are purchasing the goods of any errors.

The goods ordered of Derby Mfg. Co. have been delivered.

Look up the invoice (Form 5) and the accompanying draft (Form 6). Handle the invoice the same as the one just entered. Accept the draft payable at Union Bank, and enter in the journal and bill book. Put the draft in an envelope properly addressed and hand it in.

W. D. Rimbaeh's acceptance has been collected. Go to the bank and have the amount placed to your credit in your pass book. Make the following record on the left stub of your check book.

July	3	W. D. Rimbaeh's accept- ance collected	450
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Add the amount to the balance in the bank, and credit Bills Receivable on the left-hand side of the cash book. Make the proper record in the bill book.

JULY 5

Pay by check J. O. Moran's sight draft (Form 7) on you, in favor of himself, for \$200.

Enter in the check book and cash book. Be sure to hand in all outgoing papers.

Samuel W. Bradley, 126 James St., Bedford, writes ordering the following goods:

5 #3116 Antique Card Tables	3 #1008 Oak Sideboards
6 #687 Ornamental Tables	5 #169 c Library Tables

Fill the order. Terms: draft at 30 days, in favor of yourself, for the amount of the bill.

Make out a shipping order and receipt. Write the draft and have it approved. Fold properly the bill, freight receipt, and draft, place them in an addressed envelope, and hand them in. Sales-book record only. No entry for the draft until it has been returned accepted.

Telegraph Randall Mfg. Co., 126 East 126th St., New York, ordering:

50 #65 Turkish Rockers	10 #57 Reclining Couches
5 #73 Sofa Beds	

Do not use more than twenty words for the message.

Write the telegram and hand it to your teacher for approval. Pay 75¢ charges in currency. Debit Expense in the cash book.

Telegrams now play a very important part in the daily routine of nearly all large business establishments, and the ability to write clearly and in a few words the ordinary message is a very desirable qualification for a business man.

The following is suggestive of the general wording and form of telegrams:

THE UNION TELEGRAPH CO.			
INCORPORATED			
15,000 OFFICES IN AMERICA.		CABLE SERVICE TO ALL THE WORLD.	
W. H. ARMISTEAD, President and General Manager.			
Receiver's No.	Time Filed	Check	
SEND the following message subject to the terms on back hereof, which are hereby agreed to. <u>Boston, Mass., July 1, 19</u>			
<u>To</u> <u>Wm. M. Brown & Co.,</u> <u>New York City.</u>			
		<u>Ship</u>	<u>fast</u>
<u>freight</u>	<u>twenty</u>	<u>number</u>	<u>sixty</u>
<u>library</u>	<u>tables</u>		
		<u>Manning,</u>	<u>Ball & Co.</u>
READ THE NOTICE AND AGREEMENT ON BACK.			

THINGS TO BE OBSERVED IN WRITING TELEGRAMS

1. Omit salutation, complimentary closing, and all superfluous words. Avoid such expressions as "Ship immediately by American Express," etc. Here, and in all similar expressions, such words as *immediately, at once, etc.*, are entirely unnecessary. A telegram in itself implies urgency.
2. Make all messages as short as possible, but clear and definite. A fixed charge is made for all messages, except cable messages, not exceeding ten words, and for every word in excess of that number there is an additional charge, depending on the distance, etc.
3. No charge is made for the name and address of the person who is to receive the message, or for the name of the sender.
4. In writing his address, the sender of a message should never include a street number, or anything of that kind. A charge is made for everything in the address

except the name of the city or town, state, and date. If you are not generally known in a large city or town, give the sending operator your street address, and answers will be promptly delivered, and no additional charge made for street number, etc.

5. Numbers should be written out in full since the charge is the same for a figure as for a word. For example, "Send by fast freight 20 #1000 mahogany library tables" would be counted as fourteen words, while "Send fast freight twenty number one thousand mahogany library tables" would be counted as ten words.

6. Except in a cable message, each part of a hyphenated compound word is counted as an entire word. For instance, *twenty-five* would be counted as two words.

7. Each initial of a name is charged as a separate word; but a few abbreviations are counted as one word; as, F.O.B., C.O.D., A.M., P.M., etc.

8. In cable messages a charge is made for the name and address of the one to whom the message is sent.

9. Many kinds of cipher language are used to guard the secrecy and reduce the expense of messages. This plan is found very serviceable when the cost of transmission is great, or when very important matters are to be telegraphed without giving information except to those entitled to it. Almost all cable messages are in cipher. To telegraph or cable in cipher, business men employ what is called a *code*, — a system of abbreviations in which a single word stands for a whole phrase or sentence; as, *Autumn* might stand for "Knowlton, Beach & Co., Butleigh, Glastonbury, England," or "We arrived here this morning," or any other thing understood by both the sender and receiver of a telegram or cable message.

10. All messages of importance should be repeated. For one-half the original cost of a telegram the sender of any message can have the receiving operator repeat it to the operator who first sent it. Errors in important telegrams are in this way avoided.

11. Night messages are taken at reduced rates. These are sent at any time after 6 P.M., and are not delivered until the next morning.

JULY 7

J. E. Bender, 127 Main St., Troy, writes ordering the following goods:

15 #396 Mahogany Hall Stands 9 #68 Oak Bookcases
10 #76A Oak Chamber Sets

Fill the order. Terms: 3/5, 2/10, net 30 days. (See similar transaction, July 5.)

JULY 8

Receive a check (Form 8) from J. E. Bender for the amount of invoice of the 7th, less 3%.

Take the check and from it make an entry on the left side of the cash book. Except in amounts, your entry will be as follows:

8	J. E. Bender	Inv. of 7th, less 3%	30	470
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JULY 10

The Metropolitan Carting Co. has just delivered the goods shipped to you by W. H. Stearns & Co., Chicago, Ill.

Look up the invoice (Form 9) and paste it in the invoice book. Accept the draft (Form 10), place it in an envelope addressed to W. H. Stearns & Co., and hand it to your teacher. Make the proper records in the bill book and journal.

Samuel W. Bradley, Bedford, writes inclosing your draft of the 5th (Form 11), on him, accepted, together with an acceptance (Form 12) payable 30 days from July 12, drawn on J. E. Farley, City, in favor of himself, for \$179. Form 12 is transferred to you by full indorsement.

Take the drafts and make the proper entries in the bill book and journal, after which place them in the *Unpaid Bills* envelope.

Telegraph S. T. Udell & Co., Chicago, Ill., asking them to ship you by fast freight :

11 #10 China Closets 19 #50 Mah. Parlor Tables

Write the telegram and hand it in. Limit the message to fourteen words. Pay 75¢ charges in currency. Charge Expense in the cash book.

JULY 11

G. H. Ingalls & Co., Springfield, write ordering:

25 #20 Corner Chairs 25 #17A Roman Chairs

They inclose you a New York draft (Form 13) to cover the cost of the order.

Fill the order. Terms: cash, less 3%.

Make out the bill deducting the 3% allowed for cash. Fill out the usual shipping order and receipt. Enter in the sales book.

Enter the draft in the cash book. Make no record of the discount in the cash book for this transaction, as the parties have been charged with only the proceeds of the bill in the sales book.

JULY 12

Deposit in the bank the check on hand; also the New York draft and the sight draft. Collection $\frac{1}{10}\%$ on Bender's check.

NOTE.—Banks usually charge their depositors a small fee for collecting out-of-town checks. This fee is rarely over $\frac{1}{10}\%$. There is no uniform custom in the matter of charging for checks, sight drafts, and the various other negotiable instruments

offered for collection. Nearly always a small charge is made for collecting any paper payable out of town. These charges range from $\frac{1}{4}\%$ to $\frac{1}{2}\%$. As a rule no charge is made to a regular depositor for collecting paper payable in the city. Frequently, when a customer keeps a large bank account, no charge whatever is made for collecting checks. The student will be instructed when the bank makes any charges.

Make out a deposit ticket, deducting the collection. Indorse the check, etc., properly and make the proper entry in the check book. Be sure to give Benj. P. Freeman & Co. credit for the sight draft, for no entry was made at the time of drawing the draft. Debit Collection and Exchange for the bank's charges.

JULY 12

Leave J. B. Maxwell's note at the bank for collection; also discount Samuel W. Bradley's acceptance for invoice of the 5th, and receive credit for the proceeds.

Take J. B. Maxwell's note, which you will find in the *Unpaid Bills* envelope, and indorse it properly.

Take Bradley's acceptance, also in the *Unpaid Bills* envelope, and indorse it properly. Make out a discount memorandum for the acceptance.

Form of Discount Memorandum

DISCOUNT MEMORANDUM	

Date <u>July 15, 19__</u>	
Discounted for <u>Wm. K. Miner</u>	
Maker <u>Roger Williams</u>	
Indorser _____	
Face, \$500.00 Interest, \$_____ Total, \$500.00	
Discount 60 da. \$5.00 Coll., \$_____ Total, \$5.00	
Net Proceeds, \$495.00	

Pin the discount memorandum and the acceptance together, place them and Maxwell's note in your pass book, and hand them to your

bank teller or teacher, who will place the proceeds of the acceptance to your credit if you have computed the discount correctly.

No record of Maxwell's note is made in the pass book. Make a record of the acceptance on the left stub of your check book similar to the following:

July 12	Samuel W. Bradley's		
	acceptance	500	
	Less discount	.5	
		495	

Add the proceeds to your bank balance on the right stub of your check book.

Make the proper records in the cash book and bill book. Remember that Bills Receivable and Bills Payable must always be debited and credited for their face value.

Give Cobb, Bates & Co. a check for invoice of the 3d, less the discount allowed for prompt payment.

Write the check, hand it in, and make the proper entry in the cash book. The entry in the cash book will be the same as the following except in amounts.

12	Cobb, Bates & Co.	inv. of the 3d, less 3%	34	21	1269	24
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Receive the goods ordered of C. W. Allen & Co. (Form 14) on the 1st.

Make the proper entry in the invoice book.

JULY 18

The Metropolitan Carting Co. has delivered the goods ordered of William Leavens & Co.

Look up the invoice (Form 15) and record it in the invoice book. Note that W. L. & Co. have deducted their regular cash discount on the invoice. You will receive their sight draft on you in about 10 days.

Remit C. W. Allen & Co. a check for invoice of the 9th, less the discount allowed for prompt payment.

Also order the following:

5 #59 A Cheval Glasses 17 #572 B Drawing-room Suits

Write the check, and have it approved. Enter in the cash book. Write a letter, inclosing the check and ordering the goods named above. Hand in the letter.

Your acceptance in favor of Derby Mfg. Co., made payable at your bank, is due to-day. Bank charges the amount to your account.

UNDER WHAT CIRCUMSTANCES A BANK WILL CHARGE A DEPOSITOR WITH A NOTE OR DRAFT

1. Banks are not uniform in their practice of charging notes, accepted drafts, etc. In some places, notably in Chicago and several other large western cities, they require their patrons to meet all such paper by check.

2. The practice most generally followed is for a bank to pay notes, acceptances, etc., out of a firm's deposit, and charge the depositor the same as they would had he drawn a check. Court decisions and special laws in force in a number of states hold that notes, acceptances, etc., made payable at a bank are orders upon that bank and may be charged to a depositor's account at maturity the same as a regular check.

3. These special laws and decisions are in operation in New York, Massachusetts, Connecticut, and a few other states. In these states nearly all banks charge notes, etc., to their patrons' accounts at maturity. This is the practice followed in this text.

Make a record of the draft on the left stub of the check book similar to the following:

July	13	Acceptance in favor of	1500
		Derby Mfg. Co. charged	

On the right check stub subtract the amount of the acceptance from the balance you have in the bank.

Make an entry on the right side of your cash book. Make the proper record in the bill book.

JULY 15

Your bank has received cash for J. B. Maxwell's note and interest due to-day.

Go to the bank and have the amount placed in your pass book. Make a record of note on the left stub of the check book as follows:

July	15	J. B. Maxwell's note collected Interest	500	2	50
			502	50	

Add the amount of the note and interest to your bank balance.

Make the proper cash-book entry.

Accept, payable at your bank, Stoddard & Co.'s draft (Form 16) in favor of themselves, at 15 days from July 14, for \$400.

Do not date the acceptance. Why? Make the proper journal and bill-book entries and hand in the draft.

Receive of E. F. Green & Co. a draft (Form 17) drawn in your favor, payable 30 days from July 14, on H. B. Claffin & Co., City, for \$400.

Present the draft to your teacher, who will accept it for H. B. Claffin & Co. Enter in the bill book and journal.

Receive the goods ordered of Randall Mfg. Co. on the 5th.

Look up the invoice (Form 18) and paste it in the invoice book.

JULY 16

Give Randall Mfg. Co. your check for the amount of their invoice of the 8th, less 3%.

Write the check and hand it in. Enter in the cash book.

JULY 17

M. N. Overman, 493 King St., Albany, writes ordering:

3 #693 Antique Wardrobes	30 #65 Turkish Rockers
3 #73 Sofa Beds	

References are satisfactory and you fill the order. Terms: 3/10, 1/30, net 60 days.

Make out the bill and have it approved. If correct, copy it in the sales book. Make out a shipping order and receipt. Place the receipt and the bill in an envelope and hand them in.

Receive a telegraphic order from Chas. B. Lyman, Springfield, for:

4 pr. Blue Chenille Curtains	5 pr. #91 Lace Curtains
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The goods are to be shipped by express C.O.D.

Make out a receipted bill, place it in a *C.O.D.* envelope properly filled out, and hand it to your teacher for approval. Enter in the sales book as follows:

<i>C.O.D. Accounts</i>					
(Chas. B. Lyman, Springfield)					
Terms: cash					
4 pr. Blue Chenille Curtains	5.00	20			
5 pr. #91 Luree Curtains	6.00	30			50

When you post the above to your ledger, debit Chas. B. Lyman under C.O.D. Accounts as follows:

<i>C.O.D. Accounts</i>								
July 17	Chas. B. Lyman	C	50					

JULY 18

Receive the goods ordered of S. T. Udell & Co., Chicago, on the 10th. Look up the invoice (Form 19) and paste it in the invoice book.

JULY 19

P. R. Brown, Rochester, writes ordering :

25 #635 Brass Bedsteads 25 #6387 Hall Settles

Fill the order C.O.D., subject to the order of your bank.

DRAFT WITH BILL OF LADING ATTACHED

For the convenience of shippers in sending goods to parties when the responsibility or credit of the buyer is limited or where his business standing is unknown, railway and steamship companies have provided a way whereby goods may be sent by freight so that the buyer cannot obtain possession of them without first paying for them.

This method is commonly known among business men as *Shipper's Order*, and is analogous to C.O.D. shipments in the express business, as explained in the transaction for July 17.

Make out a bill in the regular way, writing for terms *subject to order of bank*.

Make out a shipping order and receipt. See that they are properly signed. In the column for consignee's name and destination write:

Order of

Union Bank,

(Your address).

Notify

J. R. Brown,

Rochester.

Write a draft for the amount of the shipment, indorse it properly, and attach it to the bill of lading. Take them to your bank for collection.

Send the invoice to your customer in the regular way.

Enter the sale in the sales book the same as explained for the C.O.D. shipment of July 17. No entry for the draft until the bank has collected it.

HOW YOUR BANK WILL MAKE COLLECTION

Your bank will indorse both the draft and the bill of lading, and send them to its correspondent at Rochester.

When the Rochester bank receives the draft it will notify Brown. If he pays the draft, the bank will give him the freight receipt, which receipt, when properly indorsed and given to the transportation company, will give him access to the goods.

Transportation companies will not deliver goods without obtaining a bill of lading, for they would thereby render themselves liable to the shippers should the consignee not pay for the goods.

JULY 22

Pay William Leavens & Co.'s sight draft (Form 20) in favor of themselves, for the amount of the invoice of the 11th.

Take the draft and find if the amount is correct. If it is, write a check to cover the same, and make the proper entry in the cash book.

Receive returns for the C.O.D. shipment of the 17th.

Take the money out of the *C.O.D.* envelope (Form 21) and place it in the *Business Cash* envelope. Enter in the cash book as follows:

Left Side

22	<i>C.O.D. Accounts</i>	<i>Chas. R. Lyman</i>	56
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JULY 23

Receive a check (Form 22) of David E. Teeter, in full for invoice of the 2d, less 1%.

Examine the check. If the amount is correct, make the proper entry in the cash book.

Receive of M. N. Overman, Roger, Peet & Co.'s acceptance at 30 days from July 15, to apply on account, \$469.39.

Take the draft (Form 23). It has 22 days yet to run and so is not worth its face value. The discount for 22 days at 6% should be deducted. Make the proper records in the journal and bill book.

JULY 24

Write a letter to J. K. Levy & Co., 27 East 126th St., New York, ordering:

15 #693 Antique Wardrobes

Inclose a New York draft to cover the amount, less 2%. Buy the draft by check. Exchange, 50¢.

Write a check to cover the draft and exchange. (See form, page 87.)

Take the New York draft (Form 24) and, if the amount is correct, indorse it (see form, page 89) and debit J. K. Levy & Co. in your cash book for the amount; also debit Collection and Exchange for the exchange. Inclose the draft in a letter and hand it in.

JULY 25

Your acceptance in favor of C. O. Boswell, and your note with interest for one month, in favor of Allen & Bailey Furniture Co., have been charged to your account at the bank.

Make the proper entries in the cash book, bill book, and check book.

Chas. B. Sherman, 23 West Ave., Rochester, writes ordering:

50 #15 Cane-seat Dining Chairs	3 #2229 Oak Dining Tables
25 #16 k Leather-seat Dining Chairs	16 #3016 Fancy Rockers

References are satisfactory and you fill the order. Terms: sight draft in 30 days for the amount of the bill, less 1%.

Make out the bill, shipping order, and receipt. Copy the bill in the sales book. Place the bill and receipt in an envelope and hand them in. Draw a sight draft, dated ahead 30 days, in favor of yourself, for the amount of the bill, less 1%. Have the draft approved and place it in the *Business Cash* envelope.

The Metropolitan Carting Co. has delivered to you the goods ordered of C. W. Allen & Co. on the 13th.

Look up the invoice (Form 25) and paste it in the invoice book.

Draw cash, \$75, for private use.

Take \$75 out of the *Business Cash* envelope and place it in the *Personal Cash* envelope. Enter in the cash book.

JULY 27

Pay by check Stoddard & Co.'s sight draft (Form 26) in favor of themselves, for \$150.

Write the check and place the draft in the *Paid Bills* envelope. Enter in the cash book.

Deposit the check and all the cash on hand. Be sure to make the proper indorsements before offering any paper for deposit.

David E. Teeter, City, placed the following order with you over telephone this morning :

15 #16 B Brass Easels	19 #68 Oak Bookcases
•	5 #20 D Parlor Cabinets

Fill the order. Terms: 3/5, 1/30, net 60 days.

Pay by check Metropolitan Carting Co.'s bill for freight and drayage to date, \$213.70.

Examine the bill (Form 27). Write the check. Debit Merchandise for the amount.

JULY 29

Pay gas bill for the month by check, \$7.07.

Examine the bill (Form 28). Write the check and make the proper entry.

Pay salaries to date by checks as follows:

Harry K. Sutton	\$60	Michael Donovan	\$30
Harvey L. Grant	50	Daniel L. Coon	48
Geo. W. Ainsley	\$40		

Write the checks and have them approved. Charge Expense in the cash book.

JULY 30

Your acceptance of the 15th in favor of Stoddard & Co., made payable at the bank, has been charged to your account.

Make the proper entries in the cash book, check book, and bill book.

CLOSING THE WORK FOR JULY

The student should now proceed to close the month's work as follows:

1. Have your pass book written up.

2. Prove the cash, balance and post the cash book. (See model, pages 110 and 111.)

In posting from the cash book, observe the following:

a. In debiting or crediting personal accounts when a discount has been allowed, be guided by the following form:

Williams, Dowd & Co.

19— July	1	Discount 42 N.Y. draft <u>2058</u>	9	2100	19— June	28	I. B.	6	2100	
						30	I. B.	9	502	60
					July	15	I. B.	16	1241	60

b. Post only the totals of the Merchandise Discounts columns. The total of the column on the left side should be posted to the debit of Merchandise Discounts in the ledger, because that column shows the aggregate discounts allowed to others for prepaying their bills during the month of July. The total of the column on the right side should be posted to the credit of Merchandise Discounts, because that column contains a record of all discounts allowed to you for prepaying your bills during July.

3. In posting give your account one page; all property accounts one-half page each; all accounts receivable and payable one-third page each. Write the property accounts on pages 1 to 7 inclusive; accounts receivable, on pages 8 to 11 inclusive; accounts payable, on pages 12 to 15 inclusive.

4. Rule, foot, and post the sales book and the invoice book.

5. Post the journal.

6. Prove the bill book.

NOTE.— To prove bill book, find the total of the uncanceled Bills Receivable. This sum should agree with the balance of the Bills Receivable account in the ledger.

In like manner find the total of the unredeemed Bills Payable, and the sum should agree with the balance of the Bills Payable account in the ledger.

7. Make out monthly statements of customers' accounts. Place them in envelopes properly addressed and hand them in for approval. (See form for statement, page 139.)

8. Take a trial balance of the differences of your ledger accounts and hand it to your teacher for approval.

9. Inventory of stock was completed by Harvey L. Grant and Harry K. Sutton yesterday. The following are their figures. Copy in the journal in the usual form, using buying prices for the merchandise.

INVENTORIES, JULY 31, 19—

Merchandise :

5 #3116 A. Card Tables	10 pr. #91 Lace Curtains
17 #2546 A. Library Rockers	5 #16 L. Dressing Cabinets
4 #693 Antique Wardrobes	19 #50 M. Parlor Tables
25 #635 Brass Bedsteads	20 #626 M. Office Chairs
10 #16 b Brass Easels	10 #396 M. Hall Stands
150 #15 Cane-seat Dining Chairs	2 #89 M. Chamber Sets
5 #59 a Cheval Glasses	7 #2229 O. Dining Tables
10 #71 a Child's Cribs	12 #73 Oak Writing Desks
10 #20 Corner Chairs	5 #68 Oak Bookcases
9 #16 c Dining-room Sets	5 #20 d Parlor Cabinets
15 #10 China Closets	10 #57 Reclining Couches
17 #572 Drawing-room Suits	12 #73 Sofa Beds
12 #3016 Fancy Rockers	5 #5926 S. Book Cabinets
12 #36 b Gentlemen's Chiffoniers	20 #65 Turkish Rockers
10 #6387 Hall Settles	24 #27 c W. W. Mattresses
250 #16 k L. Dining Chairs	24 #16 Wool Mattresses
5 #169 c Library Tables	12 #495 W. I. Bedsteads

Office Fixtures :

Estimated cost	\$450.
Depreciation	4.50
	<hr/> \$445.50

Horse and Wagon :

Estimated cost	\$450.
Depreciation	45.
	<hr/> \$405.

Real Estate \$7000.

Expense :

Unexpired insurance \$145.

10. Make the usual statements of losses and gains and resources and liabilities.

The statement of losses and gains for this set is a little more complicated than any of those previously made. The following is suggestive of the form to be used.

Statement of Losses and Gains, July 31, 19—

Mdse.	On hand July 1	7500		
Mdse.	Bought during July	9200		
Freight and Drayage	Bill for July	400		
Mdse.	Sales for July		9650	50
Mdse.	On hand July 31, per inv.		8690	50
<i>Gain on Mdse.</i>	<i>Carried below</i>		<i>1241</i>	
			<i>18341</i>	<i>18341</i>
<i>Gain on Mdse.</i>	<i>From above</i>			<i>1241</i>
Mdse. Disc.	On purchases			150 20
Mdse. Disc.	On sales	90 20		
Int. and Disc.	Allowed to us			25 50
Int. and Disc.	Allowed by us	9 50		
Expense	Cost	490		
Expense	Unearned insurance	100	390	
Coll. and Exch.	Paid during July		2	
Depreciation as under				
(a) Office Fixtures	On account of use		5	
(b) Horse and Wagon	On account of use		25 50	
<i>(Student's) Net Gain</i>	<i>For July</i>		<i>894 50</i>	
			<i>1416 70</i>	<i>1416 70</i>

11. Make out a statement proof.

From this point of the work on to the end of the text the student will omit the usual balance sheet. When this sheet is omitted the statements of the business should be proved.

Statement Proof, July 31, 19—

(Student's) investment		6000		
(Student's) withdrawals		250		
(Student's) net gain per statement			894	50
<i>(Student's) present worth per statement</i>		<i>6644 50</i>		
		<i>6894 50</i>	<i>6894 50</i>	

12. Hand your statements of losses and gains and resources and liabilities and your proof to your teacher for approval.

13. If your statements and proof are correct, close the property accounts, the Loss and Gain account, and the Proprietor's account.
 14. Compare your pass book with your check book.

HOW TO COMPARE THE PASS BOOK WITH THE CHECK BOOK

1. Arrange the canceled checks in the order of their numbers.
 2. Beginning with No. 1, compare each canceled check and the corresponding stub. Where there are no discrepancies write *O.K.* on the stub in red ink.
 3. If all the stubs are *O.K.*'d, the balance shown by the check book should agree with the balance shown by the pass book.
 4. If the balances do not agree, find the total of the stubs not *O.K.*'d. This sum should equal the difference between the check-book and pass-book balances.
 15. Place the canceled checks in the *Paid Bills* envelope.
 16. Pass all your books to your teacher for approval.

MEMORANDA OF TRANSACTIONS FOR AUGUST

AUGUST 1

This is a continuation of the work in July.

You are desirous of extending your business, and not having sufficient capital to do so, you have decided to enter into a partnership agreement with Harvey L. Manning.

For the resources enumerated below you sell to Harvey L. Manning one-half interest in your business.

Cash	\$7000
Stock of Furniture	1500
Account with Foley Bros.	5725

Draw up articles of copartnership between yourself and Manning embodying the following conditions. (See Form V in the Appendix.)

1. The firm name shall be (Student) & Co.
2. Student shall contribute the net resources shown by his July statement of resources and liabilities.
3. Manning shall invest:

Cash	\$7000
Mdse.	1500
Account with Foley Bros.	5725

4. Each partner shall devote his entire time to the business.
5. Neither partner shall engage in any other business.
6. The gains and losses shall be divided equally.
7. The partnership shall continue for two years unless sooner dissolved by mutual consent.

Hand the articles of copartnership to your teacher for criticism. If they are correct, he will sign for Harvey L. Manning.

Model for Briefing

ARTICLES OF COPARTNERSHIP between (STUDENT) and HARVEY L. MANNING. AUG. 1, 19—

Make a copy of your July statement of resources and liabilities, attach it to the articles of copartnership, fold the sheets together, and in the outer right-hand corner at the top brief as above.

NOTE. — Some business men prefer to make the reference to investments in the articles of copartnership cover merely the net amounts put into the business by each partner, and then transfer all rights and interests in goods and personal property by means of a bill of sale. However, if the articles of copartnership are drawn up in accordance with the above directions, the bill of sale is wholly unnecessary.

Real property cannot be safely transferred by the ordinary bill of sale or by articles of copartnership. A deed is necessary. In order not to multiply complicated forms at this point of the work, it is assumed that the student's real estate has been transferred by a warranty deed drawn up this day by Attorney Fred V. Smith and placed on file in the office of the new firm.

Ordinarily a business man would not draw up his own warranty deeds, articles of copartnership, etc., but would employ an attorney well qualified to make real estate transfers, give advice on copartnership affairs, etc.

When any change in the personnel of a business occurs, all having dealings with the house should be promptly notified, by means of circular letters or otherwise. In this case it is assumed that these letters have been written and mailed.

BUSINESS FORMS FOR AUGUST

Prepare the following forms. Remember that the business is conducted under the firm name of (Student) & Co.

Form 29: Check of Harvey L. Manning, dated City, Aug. 1, drawn on Traders National Bank, in favor of your firm, for \$7000.

Form 30: Invoice of J. K. Levy & Co., New York City, dated July 31. Terms: cash, less 2%.

15 #693 Antique Wardrobes

Deduct the discount from the amount of bill and receipt per
D. O. Frey.

NOTE. — Bill the above to your name. The order was filled and the invoice mailed before the announcement with reference to the change in your business had been received.

Form 31: New York draft, dated Olean, Aug. 1, drawn by Union Bank of Olean, on Chemical National Bank of New York, in favor of M. L. Covey & Co., for \$283.72, W. D. Byron, Cashier. Transferred to (Student) & Co. by full indorsement.

Form 32: Draft on your firm by Stoddard & Co., in favor of Curry, Browning & Co., dated City, Aug. 3, payable at 10 days' sight for \$1500.

Form 33: Invoice of Cobb, Bates & Co., City, dated Aug. 3. Terms: 3/10, net 30 days. Items as follows:

25 #5932 Empire Toilet Tables	18 #1008 Oak Sideboards
	25 #76 A Oak Chamber Sets

Remember that all goods bought are now billed to your firm.

Form 34: Invoice of Derby Mfg. Co., City, dated Aug. 3. Terms: draft at 10 days for the amount, less 2%. Items as follows:

5 #16 A Comp. Dining-room Sets	5 #693 Antique Wardrobes
	10 #89 Mahogany Chamber Sets

Deduct the 2% discount. Do not receipt the bill.

Form 35: Draft of Derby Mfg. Co., City, on your firm, in favor of themselves, for the net amount of the above invoice, dated Aug. 3, payable at 10 days' sight.

Form 36: Invoice of C. W. Allen & Co., Trenton, N. J., dated Aug. 3. Terms: 2/30, net 60 days. Items as follows:

20 pr. Blue Chenille Curtains	20 pr. #91 Lace Curtains
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Form 37: Check of David E. Teeter, City, dated Aug. 6, drawn on Traders National Bank in favor of (Student) & Co., for (No. 1, \$589.30; No. 2, \$621.47; No. 3, \$605.38; No. 4, \$698.20; No. 5, \$534.85).

Form 38: Bill of Ward, Macey & Co., dated City, Aug. 6, for 1 letter file and cabinet, \$65. Terms: cash.

Receipt the bill per G. L. J.

Form 39: Bill of Tracy Coal Co. to Harvey L. Manning, dated Aug. 6, for 3 tons of coal at \$5. Terms: cash.

Receipt the bill per F. O. G.

Form 40: C.O.D. envelope. Get \$22 and place it in the envelope. Data for the envelope as follows: amount of invoice, \$22; amount to be returned, \$22; from (Student) & Co.; on J. W. Clark, Waltham; date, Aug. 5.

Form 41: Check of David E. Teeter, City, dated Aug. 9, drawn on Traders National Bank, in favor of your firm, for (No. 1, \$1248.87; No. 2, \$1070.64; No. 3, \$1031.84; No. 4, \$1010.01; No. 5, \$884.15).

Form 42: New York draft, dated City, Aug. 11, drawn by Union Bank, in favor of your firm, on Chemical National Bank, New

York, for (No. 1, \$438.55; No. 2, \$565.95; No. 3, \$460.60; No. 4, \$518.42; No. 5, \$441.98), Chas. H. Palmer, Cashier.

Form 43: Sight draft of S. T. Udell & Co. on your firm for \$479.50, dated Chicago, Ill., Aug. 10; drawn payable to W. D. Lapham.

Form 44: Check of J. E. Bender, dated Troy, Aug. 11, drawn on Traders National Bank, in favor of your firm, for (No. 1, \$920.95; No. 2, \$784.73; No. 3, \$743.57; No. 4, \$800.17; No. 5, \$768.56).

Form 45: Draft of J. O. Moran, drawn on your firm, in favor of Geo. L. Jones, dated City, Aug. 13, payable in 60 days from date, for \$1900.

Form 46: Check of Walker, Brown & Co., dated Albany, Aug. 12, drawn on Traders National Bank, in favor of your firm, for (No. 1, \$712.95; No. 2, \$665.42; No. 3, \$832.74; No. 4, \$615.95; No. 5, \$1020.92).

Form 47: Check of H. B. Claflin & Co., dated City, Aug. 13, drawn on Traders National Bank, in favor of your firm, for \$400.

Form 48: Invoice of C. W. Allen & Co., Trenton, N.J., dated Aug. 14. Terms: 2/30, net 60 days. Items as follows:

50 #176 c Piano Chairs	20 #6387 Hall Settles
25 #835 Music Cabinets	50 #170 English Clothes Poles

Form 49: Invoice of Cobb, Bates & Co., City, dated Aug. 22. Terms: 3/10, net 30 days. Items as follows:

25 #16 L Dressing Cabinets	25 #36 b Gentlemen's Chiffoniers
25 #5932 Empire Toilet Tables	

Form 50: Invoice of Fowler Furniture Co., Rochester, dated Aug. 22. Terms: cash, less 2%. Items as follows:

10 #245 Cedar Chests	10 #2229 Oak Dining Tables
10 #687 Ornamental Tables	15 #17 A Roman Chairs

Deduct the discount and receipt the bill per O. M. P.

Form 51: New York draft, dated Springfield, Aug. 24, drawn by Union Bank of Springfield, on Chemical National Bank, New York, in favor of G. H. Ingalls, for (No. 1, \$782.35; No. 2, \$1080.34; No. 3, \$1102.16; No. 4, \$889.97; No. 5, \$676.28), A. R. Sheffield, Cashier. Transferred to your firm by full indorsement.

Form 52: Check of Samuel W. Bradley, Bedford, dated Aug. 26, drawn on Traders National Bank, in favor of your firm, for (No. 1, \$1587.60; No. 2, \$1487.15; No. 3, \$1297.27; No. 4, \$1654.73; No. 5, \$1434.72).

Form 53: Note of Chas. B. Sherman, Rochester, dated Aug. 25, drawn at 30 days, with interest at 6%, in favor of your firm, for (No. 1, \$352.69; No. 2, \$295.76; No. 3, \$262.35; No. 4, \$271.01; No. 5, \$195.52).

Form 54: Draft of Traders National Bank, Bangor, dated Aug. 26, drawn on Chemical National Bank, New York, in favor of your firm, for (No. 1, \$454.06; No. 2, \$320.11; No. 3, \$283.30; No. 4, \$312.51; No. 5, \$327.95), W. H. Gould, Cashier.

Form 55: Invoice of William Leavens & Co., New York, dated Aug. 27. Terms: sight draft in 10 days for the amount of the bill, less 2%. Items as follows:

25 #5926 Secretary Book Cabinets	40 #68 Oak Bookcases
50 #396 Mahogany Hall Stands	

Form 56: Bill of the Metropolitan Carting Co., City, dated Aug. 31. Items as follows:

Aug. 1, Freight and Cartage,	\$24.25
" 16, Freight and Cartage,	57.50
" 22, Cartage,	8.50
" 23, Freight and Cartage,	43.50
" 30, Freight and Cartage,	139.50

Receipt the bill per J. O. N.

Place the above forms in your *Incoming Papers* envelope and hand them to your teacher for approval.

MEMORANDA OF TRANSACTIONS FOR AUGUST (*Continued*)

AUGUST 1

Draw a check in favor of (Student) & Co., on Union Bank, for the amount of your balance on deposit. Have the check approved, and place it in the *Business Cash* envelope.

Receive Harvey L. Manning's check on Traders National Bank (Form 29) for the amount of his cash investment.

Carry the July balance to a new page in the cash book. On the first line below, credit Manning for his cash investment.

Indorse the two checks on hand and deposit them in Union Bank in the name of the new firm.

Make a journal entry for the merchandise and the personal account invested by Manning.

Your bank reports that the draft on P. R. Brown, attached to bill of lading, has been collected. Collection, \$1.75.

Have the amount entered in your pass book. Make the proper record on the left stub of your check book, and add the amount to the firm's bank balance. Enter in the cash book the same as the C.O.D. shipment to Lyman, July 23. Debit Collection and Exchange for the \$1.75 collection.

The Metropolitan Carting Co. has delivered to you the goods (Form 30) ordered of J. K. Levy & Co. on the 24th.

Draw a cash check for office expenses, \$25. Ask for \$5 in change.

Enter in the check book only.

Telegraph C. W. Allen & Co., Trenton, N.J., ordering:

20 pr. Blue Chenille Curtains	20 pr. #91 Lace Curtains
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Write the telegram, limiting the message to fifteen words. Pay the charges in cash, 60¢.

Draft drawn on Walker, Brown & Co., July 2, and left at the bank for collection, has been paid. Collection, \$1.50.

Have the bank make the proper record in your pass book. Enter in the check book and cash book. Consult your teacher if in doubt as to your cash-book record. Make the proper record in the bill book.

AUGUST 2

J. E. Bender, Troy, writes ordering:

50 #15 Cane-seat Dining Chairs	5 #495 W. Iron Bedsteads
10 #16 Wool Mattresses	5 #65 Turkish Rockers
50 #16 k L. Dining Chairs	3 #73 Sofa Beds
3 #626 Mahogany Office Chairs	

Fill the order. Terms: 3/5, 2/10, net 30 days.

M. L. Covey & Co., Olean, write ordering:

3 #396 Mahogany Hall Stands	2 #68 Oak Bookcases
3 #20 Corner Chairs	

Fill the order. Terms: cash, less 3%. Make out the shipping order and receipt. Deduct the discount in the sales book and on the bill.

New York draft (Form 31) was inclosed in payment for the order. Make a cash-book entry for the draft.

NOTE.—But few special instructions will be given the student for entering the transactions outlined for this month. He is supposed to be sufficiently familiar with the different books and the various transactions recorded therein to proceed without a guide. If in doubt at any time, he should consult his teacher.

Place the following orders over telephone:

Cobb, Bates & Co., City, order for:

25 #5932 Empire Toilet Tables 25 #76 A Oak Chamber Sets
18 #1008 Oak Sideboards

Derby Mfg. Co., City, order for:

10 #89 Mahogany Chamber Sets 5 #693 Antique Wardrobes
5 #16 A Complete Dining-room Sets

Make a memorandum in the journal for the above orders. Consult your teacher.

NOTE.—Some memoranda should be made for every order placed as above. Where these orders are of frequent occurrence a special order book is employed. In this set the memoranda for all orders placed over telephone may be written in the journal.

AUGUST 3

Draw a draft, payable at 30 days' sight, on J. E. Bender, for the amount you owe W. H. Stearns & Co.

Write a letter to W. H. Stearns & Co. and inclose the draft.

Make the proper entry in the journal.

Write a letter to J. E. Bender stating that you have drawn upon him. (See similar transaction, July 1.) Hand in both letters.

Accept, payable at Union Bank, Stoddard & Co.'s draft (Form 32) on your firm, in favor of Curry, Browning & Co., drawn at 10 days' sight, for \$1500.

Make entries in the journal and bill book and hand in the draft.

You have received the goods (Form 33) ordered of Cobb, Bates & Co. on the 2d.

Goods ordered of Derby Mfg. Co. (Form 34) have been delivered.

Accept the accompanying draft (Form 35), payable at Union Bank, and make the proper journal and bill-book entries. Hand in the draft.

Goods ordered of C. W. Allen & Co. (Form 36) on the 1st have been received.

AUGUST 5

A telegraphic order has been received from Henry L. Miller, Providence, for:

15 #5932 Empire Toilet Tables 15 #1008 Oak Sideboards

Fill the order C.O.D., subject to the order of your bank, less 2%. Deduct the discount on the bill and treat the same as you did the shipment to P. R. Brown, July 19.

Telegraphic order has been received from J. W. Clark, Waltham, for:

2 pr. #91 Lace Curtains 2 pr. Blue Chenille Curtains

The goods are to be shipped by express C.O.D.

Treat the same as you did the order of Chas. B. Lyman, July 17.

David E. Teeter, City, has given you the following order over the telephone:

5 #5932 Empire Toilet Tables 10 #693 Antique Wardrobes
3 #396 Mahogany Hall Stands 3 #1008 Oak Sideboards

Fill the order. Terms: 3/5, 1/30, net 60 days. Enter in the sales book as usual.

AUGUST 6

Receive of David E. Teeter check (Form 37) for invoice of July 27, less 1%.

Pay by check Ward, Macey & Co.'s bill (Form 38) for letter file and cabinet for use in the office, \$65. Also pay by check Charles B. Hanley for sundry repairs, \$10.50.

Charge Office Fixtures for the file and cabinet.

Pay by check Tracy Coal Co.'s bill (Form 39) for coal for private use of Harvey L. Manning, \$15.

Leave J. E. Farley's acceptance, received July 10, at the bank for collection.

Make a memorandum in the bill book only.

Deposit the check and New York draft on hand.

AUGUST 8

Acceptance in favor of W. H. Stearns & Co., due to-day, has been paid by the bank.

Enter in the cash book, check book, and bill book.

Write a letter to C. W. Allen & Co., Trenton, N.J., ordering the following :

50 #176 c Piano Chairs	25 #835 Music Cabinets
50 #170 English Clothes Poles	20 #6387 Hall Settles

AUGUST 9

Benj. P. Freeman & Co., City, write ordering :

5 #10 China Closets	10 #16 Wool Mattresses
5 #495 White Iron Bedsteads	5 #65 Turkish Rockers
2 #5926 Secretary Book Cabinets	

Fill the order. Terms : sight draft in 10 days for the amount, less 3%. Treat the same as you did their order of July 2.

Walker, Brown & Co., Albany, write ordering :

5 #89 Mahogany Chamber Sets	5 pr. Blue Chenille Curtains
15 pr. #91 Lace Curtains	2 #16 A Comp. Dining-room Sets

Fill the order. Terms : 3/5, net 30 days.

J. B. Cox & Co., Somerville, write ordering :

7 #572 Drawing-room Suits	3 #59 A Cheval Glasses
5 #3016 Fancy Rockers	12 #2546 Ant. Library Rockers

Fill the order. Terms : 20-day draft for the amount of the bill. Treat the same as the order of Walker, Brown & Co., July 2.

Receive returns (Form 40) for C.O.D. shipment of the 5th.

Enter in the cash book under C.O.D. accounts.

AUGUST 10

Receive a check from David E. Teeter (Form 41) for the amount of the bill of Aug. 5, less 3%.

AUGUST 11

Your bank has collected J. E. Farley's acceptance due to-day. Take your pass book to the bank and receive credit for the amount.

Leave the acceptance of Rogers, Peet & Co. at the bank for collection ; also deposit \$20 currency and the check on hand.

You receive frequent calls for a line of furniture manufactured by the Fowler Furniture Co., Rochester. From their catalogue you have made the following selections :

10 #687 Ornamental Tables	10 #245 Cedar Chests
10 #2229 Oak Dining Tables	15 #17 A Roman Chairs

Write a letter ordering the above and inclosing a New York draft to cover the amount, less 2%. Give references, state something about the volume of your business, and ask for their best terms.

Write the check and receive the draft (Form 42). The bank makes no charge for the draft.

Enter in the cash book.

AUGUST 12

Pay by check S. T. Udell & Co.'s sight draft (Form 43), on you, in favor of W. D. Lapham, \$479.50.

Receive of J. E. Bender, Troy, a check (Form 44) for invoice of the 2d, less 2%.

AUGUST 13

Accept J. O. Moran's draft (Form 45) payable 60 days from date, in favor of Geo. L. Jones, for \$1900.

NOTE. — Be sure to hand in all outgoing papers, unless otherwise instructed.

Receive of Walker, Brown & Co. a check (Form 46) for the invoice of the 9th, less 3%.

Receive a check (Form 47) of H. B. Clafin & Co. for their acceptance due to-day.

Make the following record in red ink on the face of the draft and hand it to your teacher:

Paid in full 8/13,
(Student) & Co.,
per (student's initials).

Enter in the cash book.

Your acceptances, in favor of Curry, Browning & Co. and Derby Mfg. Co., respectively, which are due to-day, have been paid by the bank.

AUGUST 15

Deposit the checks on hand and the currency received from C.O.D. shipment Aug. 9. Collection on checks, \$1.50.

Your bank informs you that the acceptance of Rogers, Peet & Co., due yesterday, has been paid.

Have your bank record the amount in your pass book. Be sure to make the proper records in the cash book, check book, and bill book.

Your bank informs you that the draft on Henry L. Miller has been paid. Collection, \$3.50. Enter in the cash book and check book. Have the bank record the amount in your pass book.

AUGUST 16

The Metropolitan Carting Co. has this day delivered to you the goods ordered of C. W. Allen & Co. (Form 48) on the 8th.

E. F. Green & Co., Bangor, write ordering the following:

15 #176 c Piano Chairs	5 #835 Music Cabinets
15 #170 English Clothes Poles	5 #6387 Hall Settles

Rumors are current to the effect that the resources of E. F. Green & Co. are at a very low ebb, and you think it advisable not to sell them anything on account. Prepare the usual shipping order and receipt. Make a sight draft on E. F. Green & Co. in favor of yourselves for the amount of the invoice, less 5 %, and attach it to the bill of lading. Deduct the discount on the bill and in the sales book.

You send the draft and the bill of lading direct to Traders National Bank, Bangor, for collection this time. Write a letter inclosing the draft, and hand it in.

AUGUST 17

Prepay your acceptance in favor of Geo. L. Jones by check.

Deduct the discount for the time the acceptance has to run, and make a check for the proceeds. Have your teacher return the draft to you properly canceled.

AUGUST 18

Give C. W. Allen & Co. a check for the invoice of the 14th, less 2 %.

AUGUST 19

Take the draft on Benj. P. Freeman & Co., dated Aug. 9, from your *Business Cash* envelope, indorse it properly, and deposit it in the bank. Make the proper entries in the cash book and check book.

AUGUST 20

Samuel W. Bradley, Bedford, writes ordering:

5 #36 B Gentlemen's Chiffoniers	10 #27 c W. Wire Mattresses
150 #16 K L. Dining Chairs	50 #15 C. Dining Chairs

Fill the order. Terms: 3/5, 2/10, net 30 days.

This morning's mail brought the following order from G. H. Ingalls & Co., Springfield:

5 #2546 Antique Library Rockers	5 #635 Brass Bedsteads
5 #626 Mahogany Office Chairs	5 #572 Drawing-room Suits

Fill the order. Terms: 3/5, 2/10, net 30 days.

Remember the shipping order and receipt that must be made for all out-of-town orders.

Give Cobb, Bates & Co. the following order over telephone:

25 #36 b Gentlemen's Chiffoniers	25 #5932 Empire Toilet Tables
25 #16 Ladies' Dressing Cabinets	

AUGUST 22

Write a letter to William Leavens & Co., New York City, ordering:

50 #396 Mahogany Hall Stands	40 #68 Oak Bookcases
25 #5926 Secretary Book Cabinets	

The Metropolitan Carting Co. has delivered the goods ordered of Cobb, Bates & Co. (Form 49) on the 20th.

M. N. Overman, Albany, writes ordering:

10 #50 Mahogany Parlor Tables	10 #10 China Closets
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Fill the order. Terms: 3/10, 1/30, net 60 days.

AUGUST 23

Give Cobb, Bates & Co. a check for the invoice of the 22d, less 3%. You and your partner each draw from the business \$150 by check.

Hand in Manning's check. Get yours cashed at the bank and place the currency in your *Personal Cash* envelope.

Pay Chas. O. Rigdon by check \$52.50 for stabling and feeding your horses. Also pay James Lundergan by check \$9.20 for horse-shoeing, etc.

The Metropolitan Carting Co. has delivered to you the goods ordered of the Fowler Furniture Co. (Form 50) on the 11th.

AUGUST 24

Chas. B. Sherman, Rochester, writes ordering:

5 #5932 Empire Toilet Tables	5 #50 Mahogany Parlor Tables
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He proposes to give you his note at 30 days, with interest at 6%, for the amount of the bill, less 1%.

Fill the order. Terms: 30-day note with interest, less 1%. Deduct the discount on the bill and in the sales book.

Take the sight draft on Chas. B. Sherman, dated to-day, from your *Business Cash* envelope, and deposit it in the bank together with all the cash on hand. Collection on the draft, \$1.20.

Enter in the cash book.

AUGUST 25

Receive of G. H. Ingalls & Co. a New York draft (Form 51) in payment for the invoice of the 20th, less 3%.

AUGUST 26

Receive of Samuel W. Bradley his check (Form 52) on Traders National Bank for invoice of the 20th, less 2%.

AUGUST 27

Receive of Chas. B. Sherman his note (Form 53) dated Aug. 25, in favor of your firm, for the net amount of the invoice of the 24th.

Receive a New York exchange (Form 54) from Traders National Bank, Bangor, for the amount of the sight draft on E. F. Green & Co., Aug. 16, less 75¢ collection.

AUGUST 30

Deposit the check and the two New York drafts on hand. Collection on Bradley's check, \$1.50.

Your bank informs you that the draft drawn on J. B. Cox & Co., Aug. 9, has been paid. Collection, 50¢.

Make entries in the cash book, check book, and bill book.

The Metropolitan Carting Co. has delivered to you the goods ordered of William Leavens & Co. (Form 55) on the 22d.

Deposit in Union Bank the note received of Chas. B. Sherman on the 27th.

The bank gives you credit for the face of the note.

Make entries in the cash book, check book, and bill book.

NOTE.—It is customary for many banks to give depositors credit for the face of interest-bearing notes discounted within a few days after they are drawn up.

AUGUST 31

Give J. L. Bidwell & Son a check for \$125 for one carriage horse to be charged to the account of Harvey L. Manning.

Pay by check bill (Form 56) for freight and drayage to date, \$273.25. Charge Merchandise in the cash book.

Pay salaries to date by checks as follows:

Harry K. Sutton	\$60	Michael Donovan	\$30
Harvey L. Grant	50	Daniel L. Coon	48
Geo. W. Ainsley			\$40

CLOSING THE WORK FOR AUGUST

The student should now proceed to close the month's work as follows:

1. Have the pass book written up and compare it with the check book.
2. In posting give all new accounts one-third of a page.
3. Rule, foot, and post the sales book and the invoice book.
4. Prove the cash and balance and post the cash book.
5. Prove the bill book.
6. Make out monthly statements for customers.
7. Make a trial balance of the differences of your ledger accounts and hand it to your teacher for approval.
8. Inventory of everything on hand has been completed by Mr. Sutton. A statement of it follows. Copy it on the journal in the usual way.

INVENTORIES, AUG. 31, 19—

Merchandise:

5 #3116 Antique Card Tables	12 #626 M. Office Chairs
14 #693 Antique Wardrobes	4 #50 M. Parlor Tables
10 #16 b Brass Easels	54 #396 M. Hall Stands
20 #635 Brass Bedsteads	17 #89 M. Chamber Sets
13 pr. Blue Chenille Curtains	20 #835 Music Cabinets
10 #245 Cedar Chests	25 #76 a Oak Chamber Sets
50 #15 Cane-seat Dining Chairs	10 #687 Ornamental Tables
2 #59 a Cheval Glasses	17 #2229 Oak Dining Tables
10 #71 a Child's Cribs	12 #73 Oak Writing Desks
7 #20 Corner Chairs	43 #68 Oak Bookcases
25 #16 a C. Dining-room Sets	5 #20 n Parlor Cabinets
5 #572 Drawing-room Suits	35 #176 c Piano Chairs
25 #5932 Empire Toilet Tables	10 #57 Reclining Couches
35 #170 English Clothes Poles	15 #17 a Roman Chairs
7 #3016 Fancy Rockers	9 #73 Sofa Beds
32 #36 b G. Chiffoniers	28 #5926 Sec. Book Cabinets
25 #6387 Hall Settles	10 #65 Turkish Rockers
50 #16 k L. Dining Chairs	14 #27 c W. Wire Mattresses
5 #169 c Library Tables	4 #16 Wool Mattresses
13 pr. #91 Lace Curtains	2 #495 White Iron Bedsteads
30 #16 Ladies' Dressing Cabinets	

Office Fixtures:

Estimated cost	\$515.
Depreciation	5.15
	<hr/>
	\$509.85

Horse and Wagon :

Estimated cost	\$450.
Depreciation	<u>60.</u>
	\$390.

Real Estate :

Cost	\$7000.
Depreciation	<u>350.</u>
	\$6650.

Expense :

Unexpired Insurance	\$130.
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9. Make statements of resources and liabilities and losses and gains and have them approved.

Show each man's net gain on the statement of losses and gains and each man's present worth on the statement of resources and liabilities.

10. If the statements prove to be correct, close the ledger as follows:

a. Close the property accounts into Loss and Gain account.

b. Close the Loss and Gain account into the Proprietors' account.

The following is a model for closing the Loss and Gain account where there is more than one proprietor.

Loss and Gain

19—					19—				
Aug.	31	Expense	2	26 60	Aug.	31	Mdse.	4	1250
	31	Int. and Disc.	7	10		31	Mdse. Discs.	6	52 60
	31	J. E. K.'s Net Gain	1	683		31	Real Estate	5	100
	31	W. O. R.'s Net Gain	1	683					
==	==			1402 60				1402	60

c. Close the Proprietors' accounts.

d. Rule the personal accounts that balance.

e. To give your ledger a more finished appearance, close all other accounts by *Balance*.

11. Hand in all your books and vouchers to your teacher for examination.

DISSOLUTION OF PARTNERSHIP

It has been decided to dissolve the partnership existing between yourself and Harvey L. Manning. You dispose of your interest to Manning for the following:

Manning's note at 60 days, with interest at 6%, for \$7500.

A check for the balance of your present worth as shown by your ledger account after closing, Aug. 31.

Make out the note and have your teacher sign for Manning. Make out the check. Make the proper journal, cash-book, and bill-book entries. Post the entries to the ledger. Close your account in the ledger.

Harvey L. Manning is to carry on the furniture business as usual at the old stand under the firm name of Harvey L. Manning. He is to have the net resources and assume all the liabilities of the old firm.

Draw a check in favor of Harvey L. Manning for the balance of cash in the bank in the name of the old firm and hand it in.

It is assumed that your attorney, Fred V. Smith, has drawn up the contract of sale and warranty deed necessary to transfer title to all the personal chattels and the real estate to Manning. These documents it is assumed are on file with other important papers. In subsequent work the student will be given drills on many difficult forms that are purposely omitted at this point.

Consequences of Dissolution of Partnership. — The direct consequence of a dissolution of partnership is the necessity of taking effectual steps to wind up the partnership affairs. Some disposition must always be made of the partnership effects. Sometimes articles of copartnership provide that property on hand shall at dissolution be taken by one of the partners according to a prescribed mode, and in that case the business may go on without interruption. In this case there was no such agreement, but the partners between themselves entered into an arrangement whereby Manning goes on with the business and Student, for a sufficient consideration, consents to withdraw.

Notice of Dissolution. — A dissolution of partnership, so far as it concerns its own members, may be immediate, but in reference to the public the element of notice comes in for consideration.

When Notice is Unnecessary. — A notice of dissolution is unnecessary:

1. When a partnership expires by its own limitation.
2. When a partnership is dissolved by operation of the law.
3. When dissolution occurs by the death of one of the partners.

In all other cases a notice is considered necessary.

Manner of giving Notice.—A notice of dissolution should be published in one of the usual advertising newspapers of the place where the business was carried on. This notice is deemed sufficient as to all those who have not had previous dealings with the firm.

A special notice of the dissolution should be given to those who have had previous dealings with the firm. (See Form III in the Appendix.)

Prepare a notice of your withdrawal from the firm. (See Form II in the Appendix.) Hand in the notice.

It is assumed that a notice of dissolution has been inserted in one of your usual advertising newspapers, and that circulars embodying the facts stated in the notice have been mailed to each of the firms with whom you have had dealings. After writing the circular the work of sending it to the various firms is purely mechanical, and it is thought best not to require the student to do all this work at this point.

After notices have been circulated as outlined above your liability ceases.

GENERAL REVIEW QUESTIONS

1. Under what circumstances would a gain or loss on real estate be likely to occur?
2. What are the principal advantages claimed for the invoice book?
3. Explain the posting of (a) the separate bills in the invoice book; (b) the weekly, monthly, or quarterly totals of the invoice book.
4. Explain the advantages of the bill book. How is it proved?
5. What provision was made in the cash book of Set V for merchandise discounts? What are the principal advantages of these special columns? Explain how they are posted.
6. Explain the meaning of "3/5, 1/30, net 60 days."
7. What is a discount memorandum?
8. In which column of the sales book should discounts be deducted? Why?
9. Define and differentiate merchandise discounts and interest and discount.
10. What is a bill of lading? How are these receipts usually drawn? What is done with each copy drawn?
11. Are bills of lading assignable by indorsement?
12. Should transportation companies ever deliver goods without receiving the bill of lading? Why?
13. Explain the meaning of the following terms: (a) C.O.D.; (b) F.O.B.; (c) shipper's order.
14. Describe the usual method of making a shipment by express C.O.D.
15. Briefly outline the usual process for entering C.O.D. shipments (a) in the sales book; (b) in the ledger.
16. What means have railway and steamship companies provided for shipping goods by freight C.O.D.? Explain this method fully.
17. Would you deposit a draft attached to a bill of lading for shipper's order in your local bank, or would it be more desirable to forward the same to a bank located in the place to which goods have been consigned?
18. Is a business worth any less after it has paid one of its own non-interest-bearing notes? Why?
19. Is a firm worth any less after it has paid one of its own interest-bearing notes? If so, how much? Why?
20. A man began business with resources \$7000 and liabilities \$6000. One year later his books show liabilities \$7000 and resources \$6000. What has been his net gain or loss?

Price List for September and October

ARTICLE	DESCRIPTION	HOW PUT UP FOR SALE	COST	SELLING PRICE
Baking Powder	Royal	Cases of 1 doz. 1-lb. cans	\$3.60 case	\$4.80
" "	Cleveland's	" " "	3.50 case	4.50
Beans	Lima	Bulk	3.25 bu.	3.50
"	New York Medium	"	2.50 bu.	2.75
Butter Color	Boxes		1.50 box	2.00
Cocoa	Baker's	1-lb. cans	.48 lb.	.60
"	Huyler's	½-lb. and 1-lb. cans	.43 lb.	.58
Coffee	Plain Rio	125 lbs. to bag	.24 lb.	.28
"	Genuine Mocha	150 lbs. to bale	.20 lb.	.24
Chocolate	Fancy Java	75 lbs. to mat	.23 lb.	.30
"	Hasty Lunch	24 1-lb. tins in box	.29 lb.	.35
"	Baker's	12 1-lb. tins in box	.27 lb.	.34
Crackers	Oyster	60 lbs. to bbl.	.08 lb.	.10
"	Cream Soda	" "	.06 lb.	.08
Candy	Stick	Pails	.12 lb.	.14
"	Standard Mixed	"	.10 lb.	.12
"	Empire Chocolate			
	Drops	5-lb. boxes	.07 lb.	.10
"	Peppermint Creams	30-lb. pails	.04 lb.	.06
"	Mixed Creams	Pails	1.40 pail	2.10
Diamond Salad				
Dressing		Cases of doz. bottles	.90 case	1.20
Evaporated Fruits	Apricots	25-lb. boxes	.08 lb.	.10
"	Apples	50-lb. boxes	.04½ lb.	.06
"	Raspberries	Bulk	.17 lb.	.22
Fish	Cream Codfish	40-lb. boxes	.07½ lb.	.09
"	No. 1 Mackerel	20-lb. pails	1.80 pail	2.40
Flour	Roller Process	Barrels	3.50 bbl.	4.75
"	Searchlight Pastry	"	3.35 bbl.	4.50
"	Puritan Pancake	Cases of 20 5-lb. sacks	.12 sack	.15
"	Chef Pastry	" "	.15 sack	.18
Horse-radish		Cases of 1 doz. bottles	.65 case	.90
Insect Powder		Boxes	.16 box	.24
Mucilage		Boxes of 3 doz. bottles	.90 box	1.20
Matches	Gates	3-gro. pkgs.	.90 pkg.	1.20
"	Parlor	1-gro. boxes	1.15 box	1.53
Molasses	Porto Rico	Bbls. of 50 gals.	.25 gal.	.30
"	New Orleans	" "	.30 gal.	.36
Mixed Pickles		Doz. bottles	1.70 doz.	2.20
Oatmeal	Cedar Rapids	Barrels	4.50 bbl.	6.00
"	H. O.	24 2-lb. pkgs. in box	2.35 box	3.10
Olives		Pint cans	2.20 doz.	2.75
Raisins	London Layer	20-lb. boxes	.07 lb.	.10
"	California	50-lb. boxes	.07 lb.	.09
Sugar	Standard A	325-lb. bbls.	.04 lb.	.05
"	Fine Granulated	" "	.05 lb.	.06
"	White C	330-lb. bbls.	.03 lb.	.04
"	Brown C	300-lb. bbls.	.02½ lb.	.03
Soap	Sunlight	Boxes of 100 bars	3.00 box	4.00
"	Wool	Boxes of 100 cakes	3.00 box	4.00
"	Water Lily	Boxes	1.70 box	2.20
Salt	Ice Cream	200-lb. bags	.57 bag	.75
"	Lehigh Lump	280-lb. bbls.	1.50 bbl.	1.75
Starch	Golden Grain	160-lb. bbls.	.03 lb.	.04
"	Hoyt's Wheat	" "	.05 lb.	.06
"	Laundry	" "	.02½ lb.	.03
Tea	Choice Japan	75 lbs. to half chest	.26 lb.	.35
"	Medium Young			
	Hyson	70 lbs. to half chest	.21 lb.	.28
"	Finest Oolong	60 lbs. to half chest	.35 lb.	.51
Tapioca	Pearl	Bulk	.03 lb.	.04
"	Flake	"	.03½ lb.	.04
"	Rio	"	.06 lb.	.09
Yeast Cakes	National	Pkgs. of 1 doz. cakes	.37½ pkg.	.50
"	Sunlight	Pkgs. of 3 doz. cakes	.75 pkg.	1.00

SET VI—WHOLESALE GROCERY BUSINESS

The Object of this set is to illustrate in a brief way a system of accounting adapted to general wholesaling.

Special Features.—Among the special features of the set are:

1. Introduction and use of:
 - a. Auxiliary ledgers.
 - b. Special-column cash book.
 - c. Special-column journal.
 - d. Proprietors' private accounts.
2. Adjustment of interest on the proprietors' accounts.
3. Helpful suggestions bearing upon business correspondence.

The Books employed are the cash book, sales book, invoice book, journal, general ledger, purchase ledger, sales ledger, bill book, and check book.

The bill book and check book employed are the same as in preceding sets.

Form for making Closing Entry in Sales Book

	20 pkgs. S. Yeast Cakes	1.05	21			
	500 lbs. P. Tapioca	4 $\frac{1}{2}$	20			
	25 bbls. R. P. Flour	4.75	118	75		
	40 doz. bottles M. Pickles	2.25	90			
					572	98
		<hr/> 16 <hr/>				
24	J. M. Martin & Co., Albany.					
	2/10, net 30 days					
	25 bxs. W. L. Soap	2.00	50			
	5 bbls. C. R. Oatmeal	5.50	27	50		
	5 bbls. S. P. Flour	4.25	21	25		
	150 gals. P. R. Molasses	30 $\frac{1}{2}$	45			
	150 gals. N. O. Molasses	40 $\frac{1}{2}$	60		203	75
	Total sales for month				6762	95
14	Accounts Receivable				6762	95
16	To Mdse.				6762	95

Sales Book.—This book is the same as previously explained, except in the matter of posting. The amounts of the various sales are posted separately to the debit of the personal accounts in the sales ledger, and

the total sales are regularly posted to the debit of Accounts Receivable and to the credit of Merchandise in the general ledger.

The sales book of some large concerns is provided with an extra column for cash sales, the various amounts in this column not being posted to the sales ledger, but the total entered in the cash book daily and credited to the Merchandise account at regular intervals. The general practice, however, is to treat all cash sales to regular customers exactly the same as sales on account, the goods being charged to the customer from the sales book and his account credited through the cash book for the cash received. The latter practice is followed throughout the intermediate portion of this text. The arguments in favor of it are:

1. In most wholesale houses cash is generally understood to mean payments made at any time within five or ten days.
2. Wholesale houses generally would not be justified in quoting the same terms to all customers. Customers who buy in large quantities would be given better terms than those who buy in small quantities. As a basis for determining the best possible terms, a customer's ledger account should be consulted. These accounts would be incomplete, and would not furnish the proper information along this line, if the cash sales were not entered in the customers' accounts in the ledger.
3. In some cases a customer, for good business reasons, might call for a statement of all his transactions for a year, and it would be to any dealer's advantage to be able to furnish such a statement readily.

Cash Book.—The cash book used in this set is designed to illustrate the desirability of using special columns to meet the requirements of certain lines of business. The model cash book on pages 160 and 161 is self-explanatory.

The first two columns on the left are reserved for receipts from customers on account. With the exception of being for purely personal items, these columns are the same as illustrated in Set V. The separate items in these columns are credited to the customers in the sales ledger. At the end of the month, or as often as it may be found desirable, the total of the first column is posted to the debit of Merchandise Discounts and to the credit of Accounts Receivable in the general ledger. (See page 160.)

The total of the proceeds column is posted to the credit of Accounts Receivable in the general ledger.

All receipts of cash, aside from the items from personal accounts, are entered in the *General* column on the left side of the cash book.

Cash Receipts, September, 19—

DATE	F	ACCOUNT TO BE CREDITED	EXPLANATION	ACCOUNTS RECEIVABLE		GENERAL
				DISC. DR.	AMOUNT RECEIVED	
Sept. 1	1	Balance	In bank			13500
1	1	R. R. Traver	Investment			5500
2	3	Bills Rec.	Note of W. E. Frey			1200
3	14	W. A. Harman	Inv. Aug. 6, less 2%	10	490	
6	16	F. E. Gardiner & Co.	Inv. Aug. 30, less 3%	38	70	1251
9	18	Tenny Bros. & Co.	Inv. Aug. 30, less 3%	46	80	1513
12	3	Bills Rec.	Note of R. O. Cook			900
12	5	Int. and Disc.	Int. on above note			9
16	3	Bills Rec.	Note of J. H. Bair			1200
16	5	Int. and Disc.	Int. on above note			6
21	20	W. M. Fair	Inv. Sept. 3, less 3%	34	20	1106
22	21	Sam'l W. Hershey	Inv. Sept. 4, less 2%	8	392	80
25	24	Williams, Harding & Co.	Inv. of July 15		366	39
27	36	F. E. Rogers	Inv. of July 30		392	51
29	32	W. W. Baker & Co.	Inv. of Sept. 16, less 3%	45	1455	
30	8	Mdse. Disc.	Total discounts allowed	182	70	
12		To Accts. Rec.	on sales for month			
30	12	Accts. Rec.	Recs. on account for month			
						6956
						20
						6956
						20
						29271
						20

The first two columns on the right are reserved for payments to creditors on account. These columns are for purely personal items, and are similar to the columns for accounts receivable on the left side, except that they are posted to the debit of the separate accounts with creditors in the purchase ledger. At the end of the month, or at other regular intervals, the total of the first column is posted to the debit of Accounts Payable and to the credit of Merchandise Discounts in the general ledger. (See page 161.)

The total of the proceeds column is posted to the debit of Accounts Payable in the general ledger.

All items of expense are entered in the *Expense* column, and only the totals of this column are posted.

All items of collection and exchange are entered in the *Collection and Exchange* column, and only the totals of this column are posted.

All other cash payments are entered in the *General* column.

Form for making Closing Entry in Invoice Book

21	<p>Trenton N.J. July 31, 19—</p> <p>Messrs Williams, Henry & Co. Medford Mass</p> <p>Bought of C. W. Allen & Co.</p> <p>Terms, 1/2, net 30 days</p>	1920 54																									
32	<p>New York July 15, 19—</p> <p>Messrs Williams, Henry & Co. Medford Mass</p> <p>To Gray, Salisbury & Co., Dr.</p> <p>Terms, 1/2, net 30 days</p>	625																									
16	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">15 lbs regular P.P. Molasses</td> <td style="padding: 2px;">on</td> <td style="padding: 2px;">107.50</td> <td style="padding: 2px;"></td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;">25 " 120 " 70 "</td> <td style="padding: 2px;">on</td> <td style="padding: 2px;">437.50</td> <td style="padding: 2px;">625 —</td> <td style="padding: 2px;"></td> </tr> <tr> <td colspan="4" style="text-align: right; padding: 2px;">4562.98</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;">Molasses</td> <td style="padding: 2px;"></td> <td style="padding: 2px;">4562.98</td> <td style="padding: 2px;"></td> <td style="padding: 2px;"></td> </tr> <tr> <td colspan="4" style="text-align: right; padding: 2px;">4562.98</td> <td style="padding: 2px;"></td> </tr> </table>	15 lbs regular P.P. Molasses	on	107.50			25 " 120 " 70 "	on	437.50	625 —		4562.98					Molasses		4562.98			4562.98					4562.98
15 lbs regular P.P. Molasses	on	107.50																									
25 " 120 " 70 "	on	437.50	625 —																								
4562.98																											
Molasses		4562.98																									
4562.98																											

Invoice Book.—This book is the same as previously explained. The separate bills are credited to the various accounts in the purchase ledger, and the totals are posted to the debit of Merchandise and to the credit of Accounts Payable in the general ledger.

Purchase Ledger.—The purchase ledger contains a record of transactions with creditors. The main items of credit in this ledger come from the invoice book, and the main items of charge from the cash book; but both debits and credits for creditors' accounts may come from the journal.

Sales Ledger.—The sales ledger contains a record of transactions with customers. The main items of charge come from the sales book, and the main items of credit from the cash book; but both debits and credits for customers' accounts may come from the journal.

General Ledger.—The general ledger contains a record of all accounts of the business not entered in the purchase or sales ledgers. The **Accounts Payable** account in this ledger represents the purchase ledger, and the balance of the account should agree with the sum of the balances in the purchase ledger. The **Accounts Receivable** account in the general ledger represents the sales ledger, and the balance of the account should equal the sum of the balances in the sales ledger.

Advantages of Auxiliary Ledgers.—The advantages resulting from the use of auxiliary ledgers may be stated as follows:

1. By glancing at the balance of the **Accounts Receivable** account in the general ledger a merchant may know at once the aggregate of accounts due him. This would not be possible if a sales ledger were not employed.
2. By glancing at the balance of the **Accounts Payable** account a merchant may know the aggregate of accounts owed by him. This account would not be in the books if a purchase ledger were not employed.
3. The **Accounts Receivable** and **Accounts Payable** accounts aid in proving the correctness of the personal accounts of a business.
4. Auxiliary ledgers make a distinctive classification of accounts, which is very necessary in the accounting of large concerns; they also give a business man more and better classified information concerning many important details.

The Journal used in this set is provided with special columns. (See model journal, page 164.)

This book is sometimes provided with a large number of columns to meet the requirements of some lines of business. The columns used

here, however, are sufficient to give the student an idea of how special columns may be employed in the journal to advantage.

The *Purchase Ledger Debits* column may be used to advantage in houses where a separate ledger is kept for accounts with those from

BOSTON, MASS., Sept. 25, 19—

F	ACCOUNT AND EXPLANATION	PURCHASE LEDGER DEBITS	GENERAL LEDGER DEBITS	SALES LEDGER CREDITS	GENERAL LEDGER CREDITS
	M. O. Barry, R. O. Cook, and D. W. Baker have entered into a copartnership agreement as per conditions in the articles executed on the 15th.				
	The above parties have this day bought the entire resources and are to assume the entire liabilities of the late firm of A. J. Weaver & Co. as per contract on file. These resources and liabilities are as shown in the following entry made to open a new set of books.				
	<i>Resources</i>				
7	Mdse. Per inventory		12000 06		
8	Bills Rec. Per bill book		13000 94		
10	Office Fixtures Per inventory		1200		
3	Good Will Established trade		3000		
6	Accts. Rec. Per the following list		3900		
16	Morgan & Co., Troy 1250				
21	Osborn, Frey & Co., Westfield 750				
22	L. O. Sweetland, Lynn 1900				
3	Insurance Unexpired premium		125 75		
7	To Bills Pay. Per bill book				1900 00
5	Accts. Pay. Per the following list				6801
34	Smith, Perkins & Co., N.Y. 1700.50				
36	Sprague & Co., Boston 1900.50				
39	Harmon & Brown, Chicago 3200.				
7	Bills Pay. Two notes given A. J. Weaver & Co.				15000
C.B.	Cash Check given A. J. Weaver & Co.				9525 66
	26				
17	C. O. Bond & Co. Accepted their 10-day draft	1500	75		
7	To Bills Pay.				1500 75
	27				
48	Williams & Co. Drew a sight draft on S. W. B. and	300	60		
18	To S. W. Brown remitted it to W. & Co. on acct.			300 60	
	Forward	1801	35 33226 75	300 60	34727 50

BOSTON, MASS., Sept. 30, 19—

	Forward	1801	35	33226	75	300	60	34727	50
8	Bills Rec. Recd. their note as per			500					
18	To Eaton & Co. bill book				500				
		1801	35	33726	75	300	60	34727	50
5	Accts. Pay.	1801	35						
✓	General Ledger Debits	33726	75						
6	To Accts. Rec.							800	60
✓	General Ledger Credits							34727	50
		35528	10					35528	10

whom we buy. Any charges to these accounts in the journal should be extended into this column. The several amounts are posted separately to the debit side of the accounts in the purchase ledger, and the totals are carried regularly to the debit of Accounts Payable in the general ledger.

The *General Ledger Debits* column contains all the items of charge in the journal outside of the purchase ledger debits. The total of this column is not posted.

The *Sales Ledger Credits* column may be used to advantage in most houses where a separate ledger is kept for accounts with those to whom we sell. Any credits to these accounts in the journal should be extended into this column. The several amounts are posted separately to the credit side of the accounts in the sales ledger, and the totals are carried regularly to the credit of Accounts Receivable in the general ledger.

The *General Ledger Credits* column contains all the items of credit in the journal outside of the sales ledger credits. The total of this column is not posted.

MEMORANDA OF TRANSACTIONS FOR SEPTEMBER

SATURDAY, SEPT. 15

Since selling your interest in the furniture business of the late firm of (Student) & Co. you have had several conferences with Geo. H. Dobbin and Arthur M. Black, relative to making an investment in a wholesale grocery business.

To-day it has been decided to enter into a partnership for the purpose of conducting a wholesale grocery business under the following conditions:

1. The name of the copartnership shall be (Student), Black & Co.
2. Investments shall be as follows:
 - a. Arthur M. Black shall make a cash investment of \$14,000.
 - b. Geo. H. Dobbin shall make a cash investment of \$10,000.
 - c. Student shall invest cash, \$7000, and a note made by Frey & Brown in his favor, dated Sept. 1, at three months, for \$8000.
3. The partnership shall continue for two years, unless the parties mutually consent to a dissolution at an earlier date.
4. Gains shall be shared equally and losses borne equally.
5. Student and Black shall each receive \$200 per month for their services, and Dobbin, \$150.

6. Whenever the books of the firm are closed, each partner shall be charged with interest at 6% on all sums withdrawn for private use, and shall receive interest at the same rate on all sums invested.

Draw up articles of copartnership, fully covering the above points. (See Form I in the Appendix.)

Fold and brief the articles properly (see page 140) and then hand them in.

BUSINESS FORMS FOR SEPTEMBER

Before taking up the regular memoranda for this set prepare the following forms:

Form 1: Check drawn by Student on Traders National Bank, City, Sept. 15, in favor of your firm, for \$7000.

Form 2: Note of Frey & Brown, City, dated Sept. 1, at three months, for \$8000. Note is drawn in Student's favor and is transferred by him to his firm by full indorsement.

Form 3: Check of Geo. H. Dobbin, dated Sept. 15, drawn on Traders National Bank, City, in favor of your firm, for \$10,000.

Form 4: Check of Arthur M. Black, dated Sept. 15, drawn on Traders National Bank, City, in favor of your firm, for \$14,000.

Form 5: Note of F. Moore, dated Rome, Sept. 1, payable at Union Bank, two months after date. Note is drawn for \$1750, in favor of A. J. Weaver & Co., and is transferred to your firm by full indorsement.

Form 6: Note of Walter L. Parker, dated City, Sept. 1, payable at Union Bank, 30 days after date. Note is drawn for \$700, in favor of A. J. Weaver & Co., and is transferred to your firm by full indorsement.

Form 7: Note of Benton Bros. & Co., dated City, Aug. 26, payable at Union Bank, 60 days after date. Note is drawn for \$300, in favor of A. J. Weaver & Co., and is transferred to your firm by full indorsement.

Form 8: Bill of Eureka Coal Co. to your firm for 5 tons coal at \$4.50. Terms: cash. Bill is dated City, Sept. 18, and is receipted per L. I. S.

Form 9: Bill of Geo. E. Roe & Co., for 1 one-horse delivery wagon, \$65; 1 heavy truck wagon, \$90; 1 set single harness, \$35; 1 set double harness, \$85. Terms: cash. Bill is dated City, Sept. 19, and is receipted per H. O. W.

Form 10: Bill of the Daily Transcript Co. for advertising to date, \$49.23. Terms: cash. Bill is dated City, Sept. 19, and is receipted per W. E.

Form 11: Bill of R. H. Myers & Co., for 1 sales ledger, \$1.50; 1 purchase ledger, \$1.50; 1 general ledger, \$3; 1 journal, 75¢; 1 cash book, \$2.75; 1 bill book, 75¢; 5 M No. 6 envelopes and printing, \$6.50; 5 M sheets letter paper and printing, \$9.60. Terms: cash, less 1%. Bill is dated City, Sept. 20, and is receipted per F. O. G.

Form 12: Bill of the Eureka Coal Co. to Geo. H. Dobbin for 3 tons coal at \$4.50. Terms: cash. Bill is dated Sept. 20, and is receipted per G. W. M.

Form 13: Letter of application to your firm from Albert B. Curtis, dated City, Sept. 19. Applicant has seen your advertisement in the *Evening Transcript* for a shipping clerk and wishes to be considered an applicant for the position. He is a high-school graduate and has had experience as a salesman with the firm of W. H. Glenny & Co., City. He refers to John W. Nellis, principal of the high school, and to G. B. Watkins, manager for W. H. Glenny & Co.

Inclose the letter in a properly addressed envelope.

THINGS TO AVOID IN LETTERS OF APPLICATION

1. Faulty mechanical construction.
2. Blots, erasures, and interlineations.
3. Errors in spelling, capitalization, grammar, punctuation, etc.
4. Poor penmanship.
5. Boastfulness.
6. Showing over-anxiety for the position.
7. Exaggerations.
8. The use of printed testimonials.
9. The use of letters addressed, *To whom it may concern*, etc.
10. Typewritten applications (generally).
11. Referring to matters of no importance to those who will receive the letters.
12. Poor paper, perfumed sheets, foolscap, etc.

THINGS TO BE OBSERVED IN LETTERS OF APPLICATION

1. The use of proper materials:
 - a. Good ink.
 - b. Paper of the proper size and quality.
 - c. Envelopes of the proper size and quality.

2. Good mechanical and grammatical construction.
3. Full, yet brief and concise, expressions.
4. Good tone:
 - a. Frank, sincere expressions.
 - b. Sufficient self-confidence and self-respect. (State your qualifications modestly, but with sufficient firmness.)
 - c. Truthfulness.
5. Necessary information with regard to yourself:
 - a. Qualifications, general and special.
 - b. References.
 - c. Salary expected (sometimes; teacher should explain).
 - d. Age (sometimes; teacher should explain).
6. Courteous introduction and closing.

Form 14: Draft of Union Bank, City, dated Sept. 21, drawn on Chemical National Bank, New York, in favor of your firm, for \$841.47, W. B. Frey, Cashier.

Form 15: Sight draft, dated City, Sept. 21, drawn by David R. Warner, in favor of himself, on Arthur M. Black, for \$50.

Form 16: Draft drawn by Union Bank, City, Sept. 24, on Chemical National Bank, New York, in favor of your firm, for \$1297.18, W. B. Frey, Cashier.

Form 17: Draft drawn by Traders National Bank, Weedsport, Sept. 23, on Chemical National Bank, New York, in favor of F. W. Earl & Co., for \$950, C. W. Amsden, Cashier. Draft is transferred to your firm by full indorsement.

Form 18: Check of D. L. Hinman & Co., City, on Traders National Bank, dated Sept. 24, in favor of your firm, for \$411.99.

Form 19: Invoice of Walter Baker & Co., New York, dated Sept. 22. Terms: 3/5, net 30 days. Items as follows:

500 1-lb. cans B. Cocoa	500 bxs., 6000 lbs., B. Chocolate
5000 lbs. P. Tapioca	

Form 20: Draft drawn by Traders National Bank, Allston, Sept. 24, on Chemical National Bank, New York, in favor of Clinton, Jones & Co., for \$292.04, W. F. Pratt, Cashier. Draft is transferred to your firm by full indorsement.

Form 21: Invoice of Smith, Perkins & Co., New York, dated Sept. 24. Terms: 5/10, net 30 days. Items as follows:

50 bags, 6250 lbs., P. R. Coffee	100 half chests, 7500 lbs., C. J. Tea
50 bales, 7500 lbs., G. M. Coffee	100 half chests, 6000 lbs., F. O. Tea
100 mats, 7500 lbs., F. J. Coffee	

Form 22: Note of Frank Moore & Son, City, dated Sept. 25, drawn in favor of your firm, for \$745.69, payable 10 days from date, at Union Bank.

Form 23: Check of Salisbury, Gray & Co., Rochester, dated Sept. 24, on Traders National Bank, in favor of your firm, for \$260.51.

Form 24: Check of J. D. Manning, Albany, dated Sept. 24, on Traders National Bank, in favor of your firm, for \$600.

Form 25: Bill of R. O. Merrill & Co., City, dated Sept. 25. Terms: cash. Items as follows:

30 #16 Packing Boxes at 20¢ 35 #3 Packing Boxes at 10¢

Bill is receipted by O. W.

Form 26: Invoice of Geo. H. Buell & Co., City, dated Sept. 26. Terms: 30-day note in 10 days, with interest at 6%, less 1%. Items as follows:

240 bu. N. Y. Medium Beans	200 lbs. E. Raspberries
25 bxs., 1250 lbs., E. Apples	

Form 27: Invoice of J. E. Seel & Co., City, dated September 26. Terms: 2/10, net 30 days. Items as follows:

25 pails M. C. Candy	500 lbs. S. M. Candy
50 bbls. L. L. Salt	

Form 28: Check of T. B. Welch & Co., Medford, dated Sept. 25, on Traders National Bank, in favor of your firm, for \$296.94.

Form 29: Draft drawn by Union Bank, City, dated Sept. 25, on Chemical National Bank, New York, in favor of your firm, for \$1949.70, W. B. Frey, Cashier.

Form 30: C.O.D. envelope. Data as follows: Cash inclosed, \$18.60. Goods were shipped by your firm to W. D. Greene, Danville, Sept. 25.

NOTE.—Get the cash of your teacher.

Form 31: Draft drawn by Traders National Bank, Troy, on Chemical National Bank, New York, in favor of Williams, Harmon & Co. for \$399.35, R. C. Cook, Cashier. Draft is dated Sept. 25 and is transferred to your firm by full indorsement.

Form 32: Sight draft of Salisbury, Gray & Co., Rochester, dated Sept. 25, in favor of your firm, on J. E. Seel & Co., City, for \$50.

Form 33: Invoice of Stickney, Poor & Co., New York, dated Sept. 26.

Terms: 3/10, net 60 days. Items as follows:

100 bxs., 2500 lbs., E. Apricots	250 bxs. Insect Powder
50 bxs. Butter Color	50 bxs., 2500 lbs., E. Apples
100 bxs. Mucilage	100 bbls. R. P. Flour

The discount is deducted and the bill receipted.

Form 34: Check of W. L. Anderson, Perth Amboy, dated Sept. 26, on Traders National Bank, in favor of your firm, for \$400.

Form 35: Invoice of Gray, Dunkle & Co., Chicago, dated Sept. 26.

Terms: 3/10, net 30 days. Items as follows:

25 bbls., 7500 lbs., Br. C Sugar	10 bbls., 3300 lbs., Wh. C Sugar
200 half chests, 14,000 lbs., M. Y. H. Tea	

Form 36: Check of James K. Lusk, City, dated Sept. 28, on Traders National Bank, in favor of your firm, for \$369.07.

Form 37: Invoice of Bates, Aldrich & Co., Boston, dated Sept. 27.

Terms: 3/5, net 30 days. Items as follows:

100 1-lb. cans Huyler's Cocoa	100 pails M. C. Candy
50 bbls. S. P. Flour	20 bbls., 6500 lbs., St. A Sugar
20 bbls., 6500 lbs., F. G. Sugar	

Form 38: Invoice of D. W. Simpson & Co., Chicago, dated Sept. 27.

Terms: 3/10, net 30 days. Items as follows:

50 bxs. S. Soap	125 bxs. W. Soap
50 cases, 1000 sacks, C. P. Flour	50 bxs. W. L. Soap
20 bbls., 1200 lbs., O. Crackers	5 cases, 100 sacks, P. P. Flour
20 bbls., 1200 lbs., C. S. Crackers	

Form 39: Draft drawn by Union Bank, City, dated Sept. 28, on Chemical National Bank, New York, in favor of your firm, for \$907.43, W. B. Frey, Cashier.

Form 40: Check of W. D. Packard & Co., City, dated Sept. 28, on Traders National Bank, in favor of your firm, for \$605.38.

Form 41: Note of D. L. Hinman & Co., City, dated Sept. 29, payable at Union Bank, 10 days from date, to your firm, \$500.

Form 42: Bill of Enterprise Carting Co., City, dated Sept. 29. Terms: cash. Items as follows:

Sept. 24, Freight, \$15.75 ; Cartage, \$1.50
" 27, Freight, 49.25 ; Cartage, 6.50
" 28, Cartage, 4.75

Bill is receipted by W. M. O.

Place the foregoing forms in your envelope entitled *Incoming Papers* and hand them to your teacher for approval.

MEMORANDA OF TRANSACTIONS FOR SEPTEMBER (*Continued*)

SATURDAY, SEPT. 15

Each partner pays in his investment as per agreement.

Receive the three checks and make the proper entries.

Dobbin's and Black's checks are Forms 3 and 4. Your check and note are Forms 1 and 2.

Enter the note on a new page of the bill book and place it in the proper envelope. Credit (Student), Black & Co. for the total investment on the left-hand page of the cash book, extending the amount into the *General* column. Debit Bills Receivable on the right-hand side of the cash book for the amount of your note and carry the amount into the *General* column. The difference between the two amounts entered will show the amount of cash received by the business.

Open an account with Union Bank and deposit the three checks on hand.

When writing the firm name to indorsements, notes, checks, etc., sign (*Student*), *Black & Co.*, per your initials.

MONDAY, SEPT. 17

A. J. Weaver & Co., of your place, have offered to sell you the entire resources and liabilities of their business located at 420 State St., on the following conditions:

1. That you pay them \$6000 for the good will of their business.
2. That you buy all their resources at face value, the personal accounts and the quality and quantity of the merchandise on hand to be covered by their written guarantee.
3. That you assume their lease of the building at 420 State St. and pay all their liabilities.
4. That you pay them for the proceeds of their business, cash, \$14,000, and the balance in two notes payable in three months and six months respectively.

GOOD WILL EXPLAINED

The term *good will* can hardly be said to have any precise signification. It is generally understood to stand for the advantages which may inure to the purchaser of any business in consequence of his holding himself out to the public as succeeding to an enterprise which has been identified in the past with the good name

and repute of his predecessor. Its value is dependent upon the ability of the purchaser to maintain and improve past celebrity, reputation for skill, punctuality, etc.

The Good Will account, as it is generally employed, may show either a resource, a gain, or a loss.

a. It shows a resource on the books of the purchaser of any business until its value has been increased or diminished.

b. When the value of the benefits of an established trade has been increased, the Good Will account shows a gain.

c. When the value of the benefits of an established trade has not been maintained, the Good Will account shows a loss.

The account is seldom created except in connection with the purchase and sale of an established business. When a business of recognized reputation is offered for sale the good will is frequently as much a matter for consideration as any commodity. The account, however, is of more or less fictitious value and many business men prefer to gradually drop it from their records, even though it may have been legitimately created. This is done by regularly carrying a definite portion of the account to some loss and gain account, as advertising, expense, etc.

You accept the proposition of A. J. Weaver & Co. and ask them to make out a contract of sale at once.

TUESDAY, SEPT. 18

A contract of sale covering the following resources and liabilities was received by Mr. Black from A. J. Weaver & Co. this morning. The same was duly examined by Joseph M. Gordon, Esq., the attorney for your firm, and when found strong and binding in every way was filed among the other important papers in the firm's safe.

NOTE. — Form IV in the Appendix is a contract of sale similar to the one which would be given by A. J. Weaver & Co. in the preceding transaction.

If thought best, the teacher may require the student to prepare the contract for the preceding transaction.

Resources

Mdse., per schedule on file	\$14609.50
Bills Receivable, per the following list	2750.
1. Note of F. Moore, at two months from Sept. 1	\$1750.
2. Note of Walter L. Parker, at 30 days from .Sept. 1	700.
3. Note of Benton Bros. & Co., at 60 days from Aug. 26	300.
Office Fixtures, per schedule on file	1920.
Rent, due from tenants for subrentals	50.
Insurance, unused premium	240.
Good Will, estimated value	6000.

Accounts Receivable, per the following list	\$16814.10
Williams, Harmon & Co., Troy	\$6252.60
Fred W. Hill & Co., Rome	1642.40
W. L. Anderson, Perth Amboy	1400.
Frank Moore & Son, City	2145.69
James K. Lusk, City	592.50
J. D. Manning, Albany	1600.
D. L. Hinman & Co., City	420.40
F. W. Earl & Co., Weedsport	1500.
Salisbury, Gray & Co., Rochester	1260.51

Liabilities

Bills Payable, per the following list	\$2300.
1. Note at 30 days from Aug. 26, in favor of King & Co., payable at Union Bank	\$1500.
2. Note at 30 days from Sept. 3, in favor of Boyd, Evans & Co., payable at Union Bank	800.
Accounts Payable, per the following list	18166.
Walter L. Mann & Co., Boston	2150.
D. W. Smith & Co., New York	2100.
Smith, Perkins & Co., New York	1450.
Bates, Aldrich & Co., Boston	1365.45
D. W. Simpson & Co., Chicago	7100.55
Gray, Dunkle & Co., Chicago	4000.

NOTE.—In actual business the two bills payable would be in the possession of the payees or the bank at which they are made payable. In this case it is assumed that they are in the possession of the bank for collection. The student will therefore need to draw up both notes and hand them in at the bank or to his teacher. Indorse them as they should be indorsed by the payees when left at the bank for collection.

Write the check and notes in payment for the purchase from A. J. Weaver & Co., as per agreement.

Make the proper journal and cash-book entries for the purchase. Study the model journal, page 164. If in doubt as to the entries, consult your teacher.

Take the notes of A. J. Weaver & Co. (Forms 5, 6, and 7) and enter them in the bill book. Also enter the bills payable in the bill book.

Post the cash-book and journal entries just made to the proper ledgers. Consult your teacher.

After posting the journal entries to the general ledger, debit the several personal accounts receivable in the sales ledger and credit the several personal accounts payable in the purchase ledger.

In posting give the accounts in the general ledger one-third of a page each and the accounts in the sales and purchase ledgers one-fourth of a page each. Write the addresses of all personal accounts in the sales and purchase ledgers.

WEDNESDAY, SEPT. 19

You desire to engage the services of a competent shipping clerk and decide to insert an advertisement in the *Evening Transcript* of your place.

Prepare an advertisement stating the qualifications you consider desirable in a candidate for such a position as you have to fill. Hand in the advertisement.

Write checks in payment for the following :

Two work horses purchased of Walter H. Wood for \$125 each; bill of Eureka Coal Co. (Form 8) for coal, \$22.50; bill of Geo. E. Roe & Co. (Form 9) for wagons, harnesses, etc., \$275; bill of the Daily Transcript Co. (Form 10) for advertising to date, \$49.23.

Charge advertising and coal to Expense, and the other items to Horse and Wagon account.

NOTE.—Remember to hand in all outgoing papers unless otherwise instructed. When in doubt as to what should be done with any incoming forms consult your teacher.

Write letters ordering the following goods :

1. Of Walter Baker & Co., New York, the articles outlined in Form 19, page 168. Give references and shipping directions and ask for the best cash discounts.

2. Of Smith, Perkins & Co., New York, the articles outlined in Form 21, page 168. These people have had extensive dealings with the old firm of A. J. Weaver & Co., but you are entire strangers to them. Give such information concerning your firm as will secure prompt shipment of the articles ordered. Consult your teacher.

THURSDAY, SEPT. 20

Pay the following bills by checks: bill of R. H. Myers & Co. (Form 11) for office books, stationery, etc., \$26.09; bill of Eureka Coal Co. (Form 12) for the private account of Geo. H. Dobbin, \$13.50. Open an account with *Geo. H. Dobbin, Private*.

**WHY PRIVATE ACCOUNTS WITH THE INDIVIDUAL MEMBERS
OF A FIRM SHOULD BE OPENED**

Strictly speaking, these accounts are not a part of the investment of any business, but rather accounts showing the dealings of the business with the individual members of the firm, and it is therefore desirable that they be kept separate from the account or accounts representing the capital stock of the concern.

The failure to keep such accounts badly confuses business and private affairs, fosters carelessness and extravagance, and sometimes results in financial disaster.

ITEMS THAT ARE ENTERED IN PROPRIETORS' PRIVATE ACCOUNTS*Debits*

1. Cash, or any other property belonging to the firm, withdrawn by a partner for private use.
2. Private debts of a partner paid by the firm.
3. Proper share of any net losses to be borne by a partner when the books are closed.

Credits

1. Cash advanced to the business by a partner and not counted as part of the capital stock of the firm.
2. Unpaid salary due a partner.
3. Firm debts assumed by a partner.
4. Proper share of any net gains of the business.

FRIDAY, SEPT. 21

In response to your advertisement of the 19th, for a competent shipping clerk, there were received twenty-three letters; one from Albert B. Curtis, 270 Tremont St., impressed you all favorably (Form 13), and you have had an interview with the young man which has resulted in his engagement with your firm at \$25 per week. His appointment dates from Monday, Sept. 24.

File the letter and make a memorandum in the journal.

Engage Edward McDorman as driver at \$10 per week. Make a memorandum in the journal.

Write letters ordering the following goods:

1. Of Stickney, Poor & Co., New York, the following items:

250 bxs. Insect Powder	2500 lbs. E. Apples
50 bxs. Butter Color	2500 lbs. E. Apricots
100 bxs. Mucilage	100 bbls. R. P. Flour

Inclose a New York draft in payment for the bill, less 3%. Buy the draft (Form 14) by check; exchange, 25¢.

Make entries in the cash book and check book and hand in the letter.

2. Of Gray, Dunkle & Co., Chicago, the goods outlined in Form 35, page 170. Remember that this firm was one of the creditors of the late house of A. J. Weaver & Co., and word your letter accordingly.

3. Of Bates, Aldrich & Co., Boston, the goods outlined in Form 37, page 170. The members of this firm were creditors of A. J. Weaver & Co.

If you pay the balance in favor of D. W. Simpson & Co. this week, you will get a discount of 5%.

Write your check for the amount shown in the purchase ledger, less 5%. Take the check to your bank or teacher and have it certified.

UNDER WHAT CIRCUMSTANCES CHECKS ARE CERTIFIED IN BUSINESS

Checks are certified when it is desirable that they be transferred from one person to another like money. The ordinary check cannot always be safely accepted as money, especially when it comes from a stranger, for there is nothing to prevent any person from drawing a check on a bank in which he has no funds on deposit.

Business men frequently have incoming checks certified so that they may deposit them in their bank and immediately draw against them. Generally a bank would not allow a customer to draw immediately upon an uncertified check deposited, because it would first want to ascertain whether the check was good or not.

Checks may be certified whenever it is desirable to give to those receiving them a guarantee that the paper is good.

SIGNIFICANCE OF CERTIFICATION

1. By certifying a check a bank declares in effect the following :
 - a. That the signature is genuine.
 - b. That the drawer's balance is good for the amount named.
 - c. That it holds itself responsible for the payment of the check.
2. Certification does not guarantee the following :
 - a. That the indorsements, if any, are genuine.
 - b. That the check was drawn up in good form. If a check is so carelessly drawn up that it can be easily raised, and is afterwards certified, a bank can be held for only the amount for which the check was originally drawn.

Write a letter to D. W. Simpson & Co. inclosing the above check and ordering :

50 bxs. Sunlight Soap	5 cases, 100 sacks, P. P. Flour
125 bxs. Wool Soap	50 cases, 1000 sacks, C. P. Flour
50 bxs. Water Lily Soap	20 bbls., 1200 lbs., O. Crackers
20 bbls., 1200 lbs., C. S. Crackers	

SATURDAY, SEPT. 22

Pay by check David R. Warriner's sight draft on Arthur M. Black (Form 15), \$50.

Charge Black's private account.

MONDAY, SEPT. 24

A telegraphic dispatch has been received from W. D. Greene, Danville, ordering the following to be sent by express, C.O.D.:

2 cases R. Baking Powder 3 bxs., 150 lbs., E. Apples

Make out the necessary papers and enter under C.O.D. Accounts in the sales book.

The following orders were received in this morning's mail.

1. From Williams, Harmon & Co., Troy, an order for:

10 bbls. L. L. Salt 10 bbls. S. P. Flour

10 half chests, 750 lbs., C. J. Tea 5 bbls., 800 lbs., L. Starch

5 bbls., 1500 lbs., Br. C Sugar

Fill the order. Terms: 2/5, net 30 days. Make out the shipping order and receipt. Place the bill and receipt in a properly addressed envelope and hand them in. Do this with all similar orders.

2. From T. B. Welch & Co., Medford, an order for:

6 bbls., 300 gals., N. O. Molasses 5 bbls., 1625 lbs., F. G. Sugar

6 bbls., 300 gals., P. R. Molasses 10 bags Ice-cream Salt

Fill the order. Terms: 2/5, net 30 days.

The account of Fred W. Hill & Co., Rome, is 23 days past due. Draw a sight draft on them in favor of your firm for \$1200 and leave it at the bank for collection.

Indorse the draft properly and hand it in. No entry is required. Write a letter to Fred W. Hill & Co. informing them of your draft and hand it in.

Take the note of F. Moore (Form 5) from the *Unpaid Bills* envelope and have it discounted at your bank. Receive credit for the proceeds.

Indorse the note, make out a discount memorandum, and pin the same to the note. Place the note in your pass book, and take it to the bank.

Pay the balance due Bates, Aldrich & Co., less 5%, by New York draft (Form 16). Buy the draft by check. Exchange, 50¢.

Write a letter inclosing the draft properly indorsed and hand it in.

THINGS TO BE OBSERVED IN WRITING A LETTER OF REMITTANCE

1. State what is inclosed,— note, draft, etc.
2. Give the amount of the inclosure.
3. Generally write the amount of the inclosure in words and figures, thus: "Twenty-four and $\frac{25}{100}$ Dollars (\$24.25)."
4. State how the amount inclosed is to be applied.
5. Ask that the receipt of the remittance be acknowledged.
6. Fold the inclosure within the letter properly. (For letter of remittance, see Form I in the Appendix.)

Receive of F. W. Earl & Co., Weedsport, a New York draft (Form 17) for \$950, in full for invoice of Aug. 24.

Receive of D. L. Hinman & Co. their check (Form 18), in full of account, less 2%.

The Enterprise Carting Co. has delivered to you the goods ordered of Walter Baker & Co. (Form 19) on the 19th.

A telegraphic order has just been received from W. L. Anderson, Perth Amboy, for:

10 bbls. R. P. Flour	1500 lbs. P. Tapioca
25 cases C. Baking Powder	10 bbls., 1600 lbs., G. G. Starch

Fill the order. Terms: 2/5, net 30 days.

Deposit the check and New York draft on hand. Draw a cash check for office expenses, \$25; ask for \$5 in change.

Draw the check but make no entry in the cash book.

Prove the cash and make out a daily statement. Take all of your books to your teacher for criticism. If he approves of your work, proceed to post as follows:

1. Post the items in the accounts receivable section of the cash book to the credit of the proper accounts in the sales ledger.
2. Post the items in the general column on the left side of the cash book to the credit of the various accounts in the general ledger.
3. Post items in the accounts payable section of the cash book to the debit of the various accounts in the purchase ledger.
4. Post the items in the general column on the right side of the cash book to the debit of the various accounts in the general ledger.
5. Post the sales from the sales book to the debit of the various accounts in the sales ledger.
6. Post the purchases from the invoice book to the credit of the various accounts in the purchase ledger.

7. Hand in all your books for approval before proceeding with the next day's business.

TUESDAY, SEPT. 25

The following orders were received in this morning's mail.

1. From L. P. Ross, Warsaw, an order for:

12 bbls., 3900 lbs., St. A Sugar
25 half chests, 1750 lbs., M. Y. H. Tea
15 bbls., 4875 lbs., F. G. Sugar
10 pkgs. S. Yeast Cakes

You are not familiar with the financial standing of this firm and ship the goods C.O.D. to the order of Union Bank, less 2%.

Enter in the sales book under C.O.D. Accounts. Draw a sight draft in favor of your firm, attach it to the bill of lading, indorse properly, and leave them with your bank for collection. Deduct the discount in the sales book and on the bill.

2. From Clinton, Jones & Co., Allston, an order for:

10 bbls., 3300 lbs., Wh. C Sugar	15 pails No. 1 Mackerel
5 bbls., 800 lbs., L. Starch	25 pkgs. G. Matches
10 pkgs. S. Yeast Cakes	5 bbls. C. R. Oatmeal
15 cases Horse-radish	

A New York draft (Form 20) is inclosed in settlement of the bill, less 2%. Make out the invoice and prepare a shipping order and receipt in the regular way. Receipt the bill, first deducting the discount. Only the proceeds of the bill are entered in the cash book.

3. From James K. Lusk, City, an order for:

25 cases D. Salad Dressing	50 cans B. Cocoa
6 cases, 120 sacks, C. P. Flour	250 lbs. E. Chocolate Drops
15 bbls., 750 gals., N. O. Molasses	

Fill the order. Terms: 2/5, net 30 days.

4. From F. E. Rogers, City, an order for:

15 bxs., 300 lbs., L. L. Raisins	10 bxs. P. Matches
5 bbls., 250 gals., P. R. Molasses	10 bu. N. Y. Medium Beans

Fill the order. Terms: sight draft in 5 days for the amount of the bill, less 2%. Draw a draft dated Oct. 1 (Sept. 30 will be Sunday) and place it in the *Business Cash* envelope.

Deduct the discount on the bill and in the sales book. No entry for the draft at this time.

The old account of Williams, Harmon & Co., Troy, is several days past due. Draw a sight draft on them for \$3126.30, and leave it at Union Bank for collection.

Write a letter to Williams, Harmon & Co., informing them of your draft. No entry at this time.

The goods ordered of Smith, Perkins & Co. (Form 21) on the 19th have been received.

Place the following orders over telephone.

1. With Geo. H. Buell & Co., City, an order for:

240 bu. N. Y. Medium Beans	25 bxs., 1250 lbs., E. Apples
200 lbs. E. Raspberries	

2. With J. E. Seel & Co., City, an order for:

50 bbls. L. L. Salt	25 pails M. C. Candy
500 lbs. S. M. Candy	

Note of A. J. Weaver & Co., the payment of which was assumed by your firm, is to-day charged to the firm account, as per your instructions, at Union Bank.

Receive of Frank Moore & Son, City, their note at 10 days (Form 22) for \$745.69, to apply on account.

Receive a check of Salisbury, Gray & Co. (Form 23), in full for the invoice of Sept. 2, \$260.51.

Receive check of J. D. Manning (Form 24) in full payment for the invoice of Aug. 25, \$600.

Pay by check bill of R. O. Merrill & Co. (Form 25) for packing boxes, etc., \$9.50.

Pay James Burrill for shoeing horses cash, \$2.50.

Deposit the checks and New York draft on hand. The bank charges $\frac{1}{10}\%$ collection on the checks.

Make out a daily statement. If correct, post the different books as instructed on Sept. 24. Post the journal entry.

After posting hand in all books to your teacher for examination and approval.

WEDNESDAY, SEPT. 26

Goods ordered of Geo. H. Buell & Co. (Form 26) over telephone yesterday have been delivered.

Goods ordered of J. E. Seel & Co. (Form 27) have also been delivered.

Receive of T. B. Welch & Co. check (Form 28), in full for invoice of the 24th, less 2%. In the letter inclosing the check they order the following:

25 bxs. Wool Soap	5 bbls., 1650 lbs., Wh. C Sugar
25 bxs. Water Lily Soap	5 bbls., 1625 lbs., F. G. Sugar
5 bbls., 1500 lbs., Br. C Sugar	10 half chests, 600 lbs., F. O. Tea

Fill the order. Terms: 2/5, net 30 days.

Telegraph Walter L. Mann & Co., Boston, ordering the following to be shipped by fast freight:

50 bxs. Mucilage	50 cases C. Baking Powder
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Limit the message to eleven words. Pay 50¢ charges in cash.

Leave the note of Walter L. Parker (Form 6) at Union Bank for collection.

Find the note in the *Unpaid Bills* envelope. Indorse it properly and take it to the bank. Make the proper memorandum in the bill book.

Pay Walter Baker & Co.'s invoice of Sept. 22, less 3%, by a New York draft (Form 29), which you buy by check at Union Bank; no exchange charged. Write a letter inclosing the draft.

Receive returns (Form 30) for the C.O.D. shipment to W. D. Greene, Dansville, on the 24th.

Receive of Williams, Harmon & Co., a New York draft (Form 31) for invoice of the 24th, less 2%.

W. D. Packard & Co., City, write ordering:

10 pails No. 1 Mackerel	20 1-lb. cans H. Cocoa
3 cases C. Baking Powder	10 bags, 1250 lbs., P. R. Coffee
10 mats, 750 lbs., F. J. Coffee	

This is a good, reliable firm, and you expect large orders from the house frequently. Bill the above 3/5, net 60 days.

The firm pays Geo. N. Cooper \$125 by check for one carriage horse, to be charged to Student's private account. Write the check.

Receive of Salisbury, Gray & Co. a sight draft (Form 32), on J. E. Seel & Co., City, for \$50. Remit the draft by letter to J. E. Seel & Co., and make an entry in the journal.

J. D. Manning, Albany, writes ordering:

10 bags, 1250 lbs., P. R. Coffee	10 bales, 1500 lbs., G. M. Coffee
20 mats, 1500 lbs., F. J. Coffee	

Fill the order. Terms: 2/5, net 30 days.

Deposit the money received from the C.O.D. shipment, and the check and the New York draft on hand. The bank charges 35¢ collection on the check. Be sure to deduct the collection on the deposit ticket.

Make out a daily statement and have it corrected. Post as previously explained.

Present your books to your teacher for examination.

THURSDAY, SEPT. 27

The Enterprise Carting Co. has delivered to you the goods ordered of Stickney, Poor & Co. (Form 33) on the 21st.

Remit Gray, Dunkle & Co., Chicago, your note at 15 days, to apply on account, \$1000.

Write a letter inclosing the note and hand it in. Enter in the journal and bill book.

Receive of W. L. Anderson his check (Form 34) for \$400, to apply on account.

The following orders were received by mail to-day.

1. From Fred W. Hill & Co., Rome, an order for:

75 1-lb. cans H. Cocoa	50 lbs. E. Raspberries
3 bxs., 120 lbs., C. Codfish	10 bxs., 240 lbs., H. L. Chocolate

Fill the order. Terms: 2/5, net 30 days.

2. From D. L. Hinman & Co., City, an order for:

10 half chests, 750 lbs., C. J. Tea	3 bags Ice-cream Salt
5 half chests, 300 lbs., F. O. Tea	3 bbls., 480 lbs., H. W. Starch
10 half chests, 700 lbs., M. Y. H. Tea	

Fill the order. Terms: 2/5, net 30 days.

Discount at Union Bank Frank Moore & Son's note received on the 25th. Proceeds placed to your credit.

Make out a discount memorandum and pin it to the note; place both in the pass book and take them to the bank. Make the proper records in the check book, cash book, and bill book.

Your bank informs you that the sight draft drawn on Fred W. Hill & Co., Rome, on the 24th, has been collected. Collection, \$1.

Have the amount entered in your pass book and make the proper records in the check book and cash book.

Give A. W. Weet your check for \$65 to be charged to the private account of Geo. H. Dobbin.

Goods ordered of Gray, Dunkle & Co. (Form 35) on the 21st have been delivered.

Deposit the check on hand. No collection charged.

Make out a daily statement and have it examined, after which post the different books in the regular way.

Hand in all books for approval.

FRIDAY, SEPT. 28

James K. Lusk, City, writes inclosing check (Form 36) in payment for the invoice of the 25th, less 2%. He also orders the following items:

10 bxs. Sunlight Soap	50 lbs. Pearl Tapioca
3 bbls., 480 lbs., G. G. Starch	

Fill the order. Terms: 2/5, net 30 days.

Salisbury, Gray & Co., Rochester, write ordering:

15 bbls. R. P. Flour	4 bbls., 200 gals., N. O. Molasses
10 bbls. L. L. Salt	20 bxs. Wool Soap
10 bbls., 3250 lbs., St. A Sugar	5 bbls., 1500 lbs., Br. C Sugar
25 bxs. P. Matches	10 bxs. Butter Color
5 pails No. 1 Mackerel	15 doz. pint cans Olives
5 bxs., 250 lbs., C. Raisins	5 bbls. C. R. Oatmeal

Fill the order. Terms: 3/5, net 30 days.

The Enterprise Carting Co. has just delivered to you the goods ordered of Bates, Aldrich & Co. (Form 37) on the 21st.

Give Geo. H. Buell & Co. your note at 30 days with interest at 6%, for the invoice of the 26th, less 1%.

A telegraphic order has just been received from W. M. Beach, Pittsfield, for:

3 half chests, 225 lbs., C. J. Tea	50 lbs. Flake Tapioca
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He proposes that the goods be shipped by express, C.O.D.

Fill the order. Terms: cash, less 1%.

Handle in the usual way. Deduct the discount on the bill and in the sales book.

Goods ordered of D. W. Simpson & Co., Chicago (Form 38), on the 21st have been delivered.

Remit Bates, Aldrich & Co. a New York draft (Form 39) in full for goods received to-day, less 3%. Buy the New York draft by check. Exchange, 75¢.

Write a letter inclosing the draft properly indorsed and hand it in.

Deposit the check on hand.

Your bank informs you that the draft drawn on Williams, Harmon & Co. on the 25th has been collected. Collection, $\frac{1}{10}\%$. Have the

amount entered in your pass book and make the proper entries in the check book and cash book.

Make out a daily statement. Post. Hand in all books for criticism.

SATURDAY, SEPT. 29

Draw from the bank by a cash check \$50 for office expenses. Ask for ten five-dollar bills.

The following orders have been received by mail to-day.

1. From W. D. Packard & Co., City, an order for:

10 half chests, 750 lbs., C. J. Tea	10 half chests, 600 lbs., F. O. Tea
5 bbls., 800 lbs., L. Starch	

They inclose check (Form 40) in payment for the invoice of the 26th, less 3%.

Fill the order. Terms: 2/10, net 60 days.

2. From D. L. Hinman & Co., City, an order for:

20 bags Ice-cream Salt	50 bbls. L. L. Salt
10 bbls., 3250 lbs., St. A Sugar	10 bbls., 3250 lbs., F. G. Sugar
10 bbls., 600 lbs., O. Crackers	10 bbls., 600 lbs., C. S. Crackers

They inclose their note (Form 41) at 10 days for \$500, to apply on account.

Fill the order. Terms: 2/5, net 30 days.

3. From Frank Moore & Son, City, an order for:

6 bxs., 300 lbs., E. Apples	5 bxs., 125 lbs., E. Apricots
15 bbls., 4875 lbs., St. A Sugar	10 pails M. C. Candy
	500 lbs. S. M. Candy

Fill the order. Terms: 2/5, net 30 days.

Pay John Harvey \$5 in cash for cleaning the store, etc. Also pay salaries for the week in cash, \$35.

Charge Expense in the cash book. Hand in the money.

Your bank informs you that the sight draft attached to bill of lading and left for collection Sept. 25 has been paid. Collection, $\frac{1}{6}\%$. Enter in the check book and the cash book. Have the amount entered in your pass book.

Pay by check Enterprise Carting Co.'s bill (Form 42) for freight and drayage to date, \$77.75.

Charge Merchandise.

Pay William Jennings \$15 by check for keeping and feeding horses to date.

Make a journal entry crediting the proprietors' private accounts with one-half month's salary for September.

Charge Expense and credit each proprietor for one-half the monthly salary agreed upon in the articles of copartnership.

Receive cash \$65 for subrental of a part of the store.

Get the cash at the office or of the teacher and credit Rent account.

Make out a daily statement and hand it in.

CLOSING THE WORK FOR SEPTEMBER

- Post as instructed for previous days.
- Study the explanation of the cash book on pages 159 and 162.
- Close the cash book, studying very carefully the model given on pages 160 and 161.
- Post the summary of the cash book to the general ledger.
- Study the explanation of the sales book, page 158. Make the proper entry to close it. Post the entry to the general ledger.
- Study the explanation of the invoice book, page 163. Make the proper entry to close it. Post the entry to the general ledger.
- Study the explanation of the journal, page 164. Make the proper entry to close it. Post the entry to the general ledger.
- Prove the sales ledger by an abstract similar to the following:

Abstract of Sales Ledger, Sept. 30, 19—

12	Wm. B. Tenny & Co.		920		
14	D. M. McCarthy		1291	50	
15	J. A. Merrill & Son		9120		
16	R. W. White & Son		492		
20	Baker, Hillis & Co.		162	50	
21	J. E. Bender		1250		
22	Wm. A. Conway		1120		
24	Morgan, Wright & Co.		962	50	
25	Kendall Mfg. Co.		162	90	
26	F. E. Moore		865		
29	C. W. Gray		120		
31	G. H. Dunkle		66	25	
24	Balance per Accts. Rec. in G. L.				16532 65
			16532	65	16532 65

Prove the purchase ledger by an abstract similar to the following:

Abstract of Purchase Ledger, Sept. 30, 19—

18	Jordan, Marsh & Co.			6142	50
19	Morgan, Traver & Co.			3150	
21	Gray, Salisbury & Co.			1250	
24	Williams & Rogers			925	
26	C. H. Lyman & Son			2100	
27	M. A. Weaver & Co.			1650	
29	J. E. King, Son & Co.			1122	16
30	M. F. Raymond			4698	20
31	E. R. Barnard & Co.			162	90
46	<i>Balance per Accts. Pay. in G. L.</i>	<i>21200</i>	<i>76</i>	<i>21200</i>	<i>76</i>

9. Have the abstracts approved by your teacher. If they are correct, make a trial balance from your general ledger in the usual way.
10. Have the trial balance approved.
11. Prove the bill book.
12. Hand in all your books to your teacher for examination.

BUSINESS FORMS FOR OCTOBER

Before taking up the memoranda for October prepare the following forms. Do better work than you have ever done before.

Form 43: Note of Frank Moore & Son, City, dated Oct. 1, drawn in favor of your firm, for \$500, with interest at 6%, payable in 60 days at Union Bank.

Form 44: Invoice of Walter L. Mann & Co., Boston, dated Sept. 29. Terms: 10-day draft, less 1%. Items as follows:

50 bxs. Mucilage 50 cases C. Baking Powder

Deduct the 1% discount.

Form 45: Draft of Walter L. Mann & Co., Boston, dated Sept. 29, drawn on your firm, in their own favor, at 10 days' sight, for the net amount of the above invoice.

Form 46: Draft at 10 days' sight, drawn by Smith, Perkins & Co., New York, Sept. 29, on your firm, in favor of themselves, for \$750.

Form 47: Check of Salisbury, Gray & Co., Rochester, dated Oct. 1, drawn on Traders National Bank, in favor of your firm, for \$602.37.

Form 48: Check of D. L. Hinman & Co., City, dated Oct. 2, drawn on Traders National Bank, in favor of your firm, for \$632.05.

Form 49: Invoice of Geo. H. Buell & Co., City, dated Oct. 3. Terms: a 30-day note in 10 days, with interest at 6%. Items as follows :

100 bu. N. Y. Medium Beans	150 bxs. E. Apples
	500 lbs. E. Raspberries

Form 50: Sight draft of D. W. Smith & Co., New York, dated Oct. 2, drawn on your firm, in favor of themselves, for \$900, and indorsed by them to the First National Bank, New York. Transferred by the First National Bank to the Union Bank of your place, W. O. King, Cashier.

Form 51: Draft of Union Bank, City, on Chemical National Bank, New York, dated Oct. 3, drawn in favor of your firm, for \$500, W. B. Frey, Cashier.

Form 52: Check of Frank Moore & Son, City, dated Oct. 2, drawn on Traders National Bank, in favor of your firm, for \$348.14.

Form 53: Sight draft of T. B. Welch & Co., Medford, on D. O. Mosher City, dated Medford, Oct. 2, drawn in favor of your firm, for \$79.60.

Form 54: C.O.D. envelope. Data as follows: cash inclosed, \$80.82. Goods were shipped by your firm to W. M. Beach, Pittsfield, Sept. 28.

Form 55: Draft of Traders National Bank, Albany, on Chemical National Bank, New York, dated Oct. 3, drawn in favor of J. D. Manning and transferred to your firm by full indorsement, for \$919.24, D. O. Morehouse, Cashier.

Form 56: Invoice of Bates, Aldrich & Co., Boston, dated Oct. 3. Terms: 3/5, net 30 days. Items as follows :

200 1-lb. cans Huyler's Cocoa	100 bbls. S. P. Flour
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Form 57: Draft of Union Bank, City, dated Oct. 4, drawn on Chemical National Bank, New York, in favor of your firm, for \$500, W. B. Frey, Cashier.

Form 58: Sight draft of D. W. Smith & Co., New York, dated Oct. 3, on your firm, in favor of C. W. Mobray, City, for \$300.

Form 59: Invoice of Smith, Perkins & Co., New York, dated Oct. 3.
Terms: 5/10, net 30 days. Items as follows:

100 bags P. R. Coffee	100 half chests F. O. Tea
	50 half chests C. J. Tea

Form 60: Olney P. Davis & Co.'s draft, dated City, Oct. 5, at 1 day's sight, on Arthur M. Black, in favor of themselves, for \$75.96.

Form 61: Check of F. W. Earl & Co., Weedsport, dated Oct. 4, drawn on Traders National Bank, in favor of your firm, for \$1605.48.

Form 62: Invoice of Walter Baker & Co., New York, dated Oct. 4.
Terms: 3/5, net 30 days. Items as follows:

500 1-lb. cans Baker's Cocoa	100 bxs. Baker's Chocolate
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Form 63: Invoice of Gray, Dunkle & Co., Chicago, dated Oct. 4. Terms: 3/10, net 30 days. Items as follows:

50 bbls. Br. C Sugar	100 bbls. Wh. C Sugar
25 half chests M. Y. H. Tea	

Form 64: Draft of Traders National Bank, Dansville, on Chemical National Bank, New York, dated Oct. 5, drawn in favor of W. D. Greene and transferred to your firm by full indorsement, for \$262.15, W. E. Traver, Cashier.

Form 65: Check of W. D. Packard & Co., City, dated Oct. 6, drawn on Traders National Bank, in favor of your firm, for \$586.53.

Form 66: Sight draft of Salisbury, Gray & Co., Rochester, dated Oct. 5, drawn on J. E. Seel & Co., in favor of your firm, for \$76.42.

Place the foregoing forms in your envelope for *Incoming Papers* and hand them to your teacher for approval.

MEMORANDA OF TRANSACTIONS FOR OCTOBER

MONDAY, OCT. 1

The following orders were received in this morning's mail.

1. From F. W. Earl & Co., Weedsport, an order for:

25 half chests F. O. Tea	10 bxs. W. L. Soap
25 half chests C. J. Tea	10 bbls. F. G. Sugar

Fill the order. Terms: 2/5, net 30 days.

2. From J. D. Manning, Albany, an order for:

10 bbls. St. A Sugar	10 bu. N. Y. Medium Beans
5 bbls. F. G. Sugar	10 bxs. H. O. Oatmeal
25 doz. bottles M. Pickles	25 bxs. H. L. Chocolate
50 bxs. L. L. Raisins	25 bxs. E. Chocolate Drops
5 bales G. M. Coffee	5 pails No. 1 Mackerel
10 bxs. E. Apples	10 bxs. Butter Color

Fill the order. Terms: 2/5, net 30 days.

3. From R. D. Fowler & Co., City, an order for:

5 bbls. S. P. Flour	3 bxs. Butter Color
5 bbls. R. P. Flour	3 bbls. C. R. Oatmeal
20 bxs. C. Codfish	

Fill the order. Terms: sight draft in 5 days for the amount of the bill, less 2%.

Draw a sight draft dated ahead 5 days and place it in the *Business Cash* envelope. Deduct the discount in the sales book and on the invoice.

Your bank informs you that the note of Walter L. Parker, left for collection on Sept. 26, has been credited to your account at its face.

Have the amount placed in your pass book. Make entries in the check book, cash book, and bill book.

Discount at Union Bank Benton Bros. & Co.'s note (Form 7) bought of A. J. Weaver & Co., and receive credit for the proceeds.

Make out a discount memorandum, pin it to the note, place them in the pass book, and receive credit for the proper amount. Make entries in the check book, cash book, and bill book.

Receive of Frank Moore & Son their note (Form 43) at 60 days, with interest at 6%, \$500.

The Enterprise Carting Co. has just delivered to you the goods ordered of Walter L. Mann & Co. on the 26th ult.

Look up the invoice (Form 44) and handle it in the regular way. Take the accompanying draft (Form 45) and accept it. Place the draft in an envelope properly addressed and hand it in.

An order has just been received from Clinton, Jones & Co., Allston, for the following:

10 bxs. Mucilage	10 half chests M. Y. H. Tea
10 cases C. Baking Powder	10 bales G. M. Coffee
10 bbls. St. A Sugar	10 bags P. R. Coffee

Fill the order. Terms: 2/5, net 30 days.

Write letters ordering the following goods.

1. Of Walter Baker & Co., New York:

500 1-lb. cans Baker's Cocoa 100 bxs. Baker's Chocolate

2. Of Smith, Perkins & Co., New York:

100 bags P. R. Coffee 100 half chests F. O. Tea
50 half chests C. J. Tea

In a communication received from Smith, Perkins & Co. this morning there was a draft at 10 days' sight on your firm, in favor of themselves, for \$750 (Form 46). Accept the draft and inclose it in the above letter.

Write a letter to Gray, Dunkle & Co., Chicago, ordering:

50 bbls. Br. C Sugar 100 bbls. Wh. C Sugar
25 half chests M. Y. H. Tea

Inclose your check in payment for the invoice of Sept. 26, less 3%, and the proceeds of your note, in their favor, due Oct. 12.

Deduct the discount from the face of note, add the proceeds of the note to the proceeds of the bill, and write a check to cover the total amount. Have the letter approved before inclosing the check.

Write Bates, Aldrich & Co., Boston, ordering:

200 1-lb. cans Huylar's Cocoa 100 bbls. S. P. Flour

Telephone Geo. H. Buell & Co., City, ordering:

100 bu. N. Y. Medium Beans 150 bxs. E. Apples
500 lbs. E. Raspberries

An order has just been received from Williams, Harmon & Co., Troy, for:

200 1-lb. cans Baker's Cocoa 25 bxs. Baker's Chocolate
25 half chests F. O. Tea 25 half chests C. J. Tea
10 bbls. S. P. Flour

Fill the order. Terms: 2/10, net 60 days.

Give Smith, Perkins & Co. a check for invoice of Sept. 10, less 3%. The amount of the invoice is \$947.60.

Take the draft drawn on F. E. Rogers on Sept. 25 from your *Business Cash* envelope, indorse it properly, and deposit it in the bank.

Deposit all currency and the check on hand.

Make out a daily statement and hand it in. Post the day's business in the regular way.

Hand in all books for examination.

TUESDAY, OCT. 2

The following orders were received in this morning's mail. Fill each in the regular way. Terms: 2/5, net 30 days.

1. From W. L. Anderson, Perth Amboy, an order for:

25 half chests M. Y. H. Tea	10 bbls. Br. C Sugar
10 bbls. Wh. C Sugar	10 bales G. M. Coffee
10 bbls. S. P. Flour	

2. From W. D. Greene, Dansville, an order for:

25 bxs. E. Apples	50 bu. N. Y. Medium Beans
250 lbs. E. Raspberries	

Draw \$125 from the bank for office expenses, by a cash check. Ask for \$5 in change.

Pay cash for repairing the wagons, \$9.

Pay D. W. Simpson & Co., by check, for invoice of Sept. 27, less 3%. Write the letter inclosing the check and hand it in.

Receive a check (Form 47) of Salisbury, Gray & Co., Rochester, in payment for the invoice of the 28th ult., less 3%.

A telegraphic order has just been received from W. C. Holbrook & Co., Resort, for:

10 bags P. R. Coffee	10 bales G. M. Coffee
20 half chests C. J. Tea	

Ship the above order C.O.D. to the order of the Union Bank, less 2%. Deduct the discount on the bill and in the sales book. Draw a sight draft in favor of yourself. Attach the draft to the bill of lading, indorse properly, and leave with your bank for collection. Put the bill in a properly addressed envelope in the regular way.

Receive of D. L. Hinman & Co. their check (Form 48) in payment for the invoice of the 27th ult., less 2%.

Engage W. O. Warner as traveling salesman at a salary of \$125 per month and expenses. Give him a check for \$100 to cover expenses on a trip through several adjoining counties.

Engage F. E. Ramsey, who has been assisting in the shipping room for several days, as general assistant at a salary of \$10.50 per week, services to date from the 1st. Pay him for services to date in cash, \$4.

Pay by check S. E. Waldorph for cooperage, \$16.50.

Deposit the checks on hand. Collection, $\frac{1}{10}\%$ on the check of Salisbury, Gray & Co.

Make out a daily statement. Post the day's business in the regular way. Hand in all books for approval.

WEDNESDAY, OCT. 3

Goods ordered of Geo. H. Buell & Co. (Form 49) on the 1st have been delivered.

Pay a sight draft (Form 50) of D. W. Smith & Co., in favor of themselves, by check, \$900. Draft is presented to you by Union Bank, and you make your check payable to that institution.

Remit Walter L. Mann & Co., Boston, a New York draft (Form 51) for \$500, to apply on account. Buy the draft by check. Exchange, 25¢. Be sure to indorse the draft.

Note in favor of Boyd, Evans & Co., due to-day, has by your instructions been charged to the firm account.

Make records in the check book, cash book, and bill book.

Receive of Frank Moore & Son, City, their check (Form 52) in payment for invoice of the 29th ult., less 2%.

The letter inclosing the above check contained the following order:

100 1-lb. cans Huyler's Cocoa	15 bbls. S. P. Flour
20 bxs. E. Apples	250 lbs. E. Raspberries
25 bu. N. Y. Medium Beans	10 bbls. Wh. C Sugar

Fill the order. Terms: 2/5, net 30 days.

Draw a sight draft on Fred W. Hill & Co., Rome, in favor of your firm, for \$300. Place the draft in the *Business Cash* envelope and write a letter to Fred W. Hill & Co., informing them that you have drawn upon them at sight through your bank.

You know the draft will be paid upon presentation, and credit Fred W. Hill & Co. in the cash book.

Fill an order just received from Williams, Harmon & Co., Troy, for:

15 bbls. L. L. Salt	15 bbls. S. P. Flour
25 half chests C. J. Tea	10 bbls. Br. C Sugar

Terms: 2/10, net 60 days.

T. B. Welch & Co., Medford, write ordering:

20 bbls. N. O. Molasses	20 bbls. P. R. Molasses
10 bbls. F. G. Sugar	5 bbls. L. Starch

Fill the order. Terms: 2/10, net 60 days.

Inclosed in the above letter was a sight draft on D. O. Mosher, City (Form 53), in your favor, for \$79.60, to apply on account.

You know the draft to be good and credit T. B. Welch & Co. at once in the cash book. Place the draft in the *Business Cash* envelope.

Receive returns (Form 54) from C.O.D. shipment to W. M. Beach, Pittsfield.

Deposit the sight draft of T. B. Welch & Co., the draft drawn on Fred W. Hill & Co., the check received from Frank Moore & Son, and the returns from C.O.D. shipment to W. M. Beach. $\frac{1}{10}\%$ collection on the draft on Fred W. Hill & Co.

Make out a daily statement. Post the day's business. Hand in all books for approval.

THURSDAY, OCT. 4

The following orders were received in this morning's mail.

1. From John P. Kennedy & Co., Canton, an order for:

2 half chests C. J. Tea	10 pails No. 1 Mackerel
5 cases R. Baking Powder	5 bbls. C. R. Oatmeal
5 bxs. H. L. Chocolate	10 bxs. C. Raisins
5 bu. N. Y. Medium Beans	5 bbls. N. O. Molasses
20 bxs. C. Codfish	10 bxs. Wool Soap

References quoted you are very satisfactory and you fill the above order, quoting your regular terms: 2/5, net 30 days.

2. From W. W. Williams, Auburn, an order for:

5 half chests F. O. Tea	2 bbls. H. W. Starch
10 bags Ice-cream Salt	25 pkgs. N. Yeast Cakes
5 bxs. W. L. Soap	

References quoted are satisfactory and you fill the order. Terms: 2/5, net 30 days.

Receive from J. D. Manning, Albany, New York draft (Form 55) in settlement for invoice of the 1st, less 2%.

The Enterprise Carting Co. has delivered to you the goods ordered of Bates, Aldrich & Co. (Form 56) on the 1st.

Buy of Union Bank a New York draft (Form 57), by check, and remit it to D. W. Smith & Co., New York, to apply on account, \$500. Exchange, 25¢.

Remit Smith, Perkins & Co., New York, a certified check for the invoice of Sept. 24, less 5%. (See similar transaction, Sept. 21.)

Deposit the New York draft received from J. D. Manning.

Make out a daily statement. Post the books, and hand them in for approval.

FRIDAY, OCT. 5

Pay D. W. Smith & Co.'s sight draft (Form 58) on you, in favor of C. W. Mobray, by check, \$300.

Hand in the check.

The Enterprise Carting Co. has just delivered to you the goods ordered of Smith, Perkins & Co. (Form 59) on the 1st.

The following orders were received this morning, and are to be filled in the regular way. Terms: 2/5, net 30 days.

1. From Frank Moore & Son, City, an order for:

10 bbls. O. Crackers	10 bbls. C. S. Crackers
5 bxs. C. Codfish	10 bbls. R. P. Flour
2 bbls. P. R. Molasses	

2. From F. E. Rogers, City, an order for:

10 bbls. O. Crackers	5 bbls. C. S. Crackers
2 bags P. R. Coffee	2 bales G. M. Coffee
10 bxs. E. Chocolate Drops	

Accept, payable at Union Bank, for the private account of Arthur M. Black, Olney P. Davis & Co.'s draft (Form 60), in favor of themselves, at 1 day's sight, for \$75.96.

This draft is the outcome of some private matter of Arthur M. Black, and the sum is charged directly to his account. Enter in the journal and bill book. Consult your teacher if in doubt as to the entry.

A call has just come in over the telephone from L. H. Pierson, City, for:

3 bbls. O. Crackers	10 bags Ice-cream Salt
5 bbls. C. S. Crackers	5 bxs. Wool Soap
3 bbls. R. P. Flour	3 bbls. F. G. Sugar
5 bxs. Butter Color	3 mats F. J. Coffee

He offers to accept your draft at 20 days from date of the bill for the amount.

Fill the order. Make out the bill and enter in the sales book in the regular way. Draw draft at 20 days from date, in favor of your firm, indorse it properly, and give it to your bank for collection. Make the proper records in the bill book and journal.

Pay John Sampson cash, \$7.50, for carpenter work about the store.

Pay Roby Real Estate Co. rent of store for October by check, \$300.

Charge Rent account in the cash book.

Pay Wm. Jennings \$29, by check, for keeping and feeding horses.

Receive check (Form 61) from F. W. Earl & Co., Weedsport, in payment for the invoice of the 1st, less 2%.

Deposit the check just received. Collection, $\frac{1}{10}\%$.

Make out a daily statement. Post the day's business, and hand in all your books to your teacher for examination.

SATURDAY, OCT. 6

Your team has delivered the goods ordered of Walter Baker & Co. (Form 62) on the 1st.

The Enterprise Carting Co. has delivered to you the goods ordered of Gray, Dunkle & Co., Chicago (Form 63), on the 1st.

Fred. O. Wolven, City, telephones for the following goods:

1 bbl. O. Crackers	1 bbl. F. G. Sugar
1 half chest F. O. Tea	

Mr. Wolven is a personal friend of the members of your firm, and the above goods are furnished him at *cost* prices. Terms: on account.

Receive a New York draft (Form 64) from W. D. Greene, Dansville, in payment for the bill of the 2d, less 2%.

Pay salaries for the week in cash as follows:

Albert B. Curtis	\$25.
Edward McDorman	10.
F. E. Ramsey	10.50

Receive a check (Form 65) from W. D. Packard & Co., City, in payment for invoice of the 29th ult., less 2%.

The following orders, which were received in this morning's mail, are to be filled in the regular way. Terms: 2/5, net 30 days.

1. From D. L. Hinman & Co., City, an order for:

2 bags P. R. Coffee	5 bbls. S. Pastry Flour
2 bales G. M. Coffee	5 bxs. C. Codfish
5 bbls. O. Crackers	5 bbls. N. O. Molasses
5 bbls. C. S. Crackers	5 bbls. P. R. Molasses

2. From James K. Lusk, City, an order for:

15 bbls. O. Crackers	5 bbls. C. S. Crackers
3 bbls. St. A Sugar	5 bu. N. Y. Medium Beans
1 bbl. H. W. Starch	5 pkgs. S. Yeast Cakes
3 half chests M. Y. H. Tea	

3. From Salisbury, Gray & Co., Rochester, an order for:

8 bbls. St. A Sugar	15 bbls. C. Soda Crackers
10 bbls. Br. C Sugar	

Salisbury, Gray & Co. inclose a sight draft (Form 66), in your favor, on J. E. Seel & Co., City, for \$76.42, to apply on account.

Write a letter to J. E. Seel & Co. inclosing the above draft to apply on account.

Pay for postage, etc., in cash, \$7.50.

Acceptance in favor of Olney P. Davis & Co., due to-day, has been charged to your account at the bank.

Enter in the check book, cash book, and bill book.

Albert B. Curtis, your shipping clerk, has made application for a position with Perry, Mason & Co., Boston. The position with that firm promises to develop an excellent future for Mr. Curtis, and you have decided to aid him in securing the place.

Write a letter of recommendation for Mr. Curtis, placing a high estimate on his integrity and general business ability.

SUGGESTIONS BEARING UPON LETTERS OF RECOMMENDATION

1. Avoid exaggerated expressions. They only do injury to the one recommended.
2. Be thoroughly acquainted with the qualities of which you speak.
3. Recommend only those who are worthy of some praise.
4. Be sincere; do not entirely pass over defects when you know that they exist.
5. Generally speaking, it is not well to write a general letter of recommendation; that is to say, a letter addressed *To whom it may concern*.
6. Be original in every way. The expressions that count are those that come from the heart and mind of the writer.
7. A good letter of recommendation usually conforms with the following arrangement of thoughts:

Paragraph No. 1 : Introduction.

Paragraph No. 2 : General estimate of the character and ability of the one recommended.

Paragraph No. 3 : Brief summary and courteous closing.

Give Geo. H. Dobbin a check for \$25 for private use.

Hand in the check.

Student takes \$50 from the business by check for private use.

Deposit the check, the New York draft, the sight draft on R. D. Fowler & Co., and all the currency on hand.

Be sure to make a cash-book entry for the sight draft.

Make out a daily statement and have it examined. If it is correct, post all the books in the regular way.

You will now proceed to adjust the interest on the proprietors' accounts, preparatory to making financial statements and closing the general ledger.

HOW TO ADJUST INTEREST BETWEEN PARTNERS

1. The investments were all paid in on Sept. 15. Determine the exact number of days from that date to Oct. 6. Find the interest on each man's investment for this time.
2. The private accounts were credited for salaries Sept. 29. Determine the exact number of days from that date to Oct. 6. Find the interest on each private account credit for this time.
3. Find the total interest due the partners.
4. Find the interest on each man's withdrawals from the time of such withdrawals to Oct. 6.
5. Find the total interest due the business from the withdrawals of the partners.
6. Find the difference between the two totals above. This sum is the net interest due the partners from the business.
7. Next find the difference between the total interest due each and the total interest to be charged to each. These sums represent the amounts to be credited to each partner and debited to Interest account. This interest does not properly belong to the regular Interest account, since that account is intended solely for interest arising from transactions with others.

HOW INTEREST DUE ON THE PROPRIETORS' ACCOUNTS MAY BE KEPT OUT OF THE REGULAR INTEREST ACCOUNT

In this set gains and losses are to be shared equally; therefore one-third of any sum placed in the Interest account will finally get transferred to the opposite of the proprietors' accounts when the proper shares of profits or losses are carried to these accounts. For example: Suppose the total interest due the partners to be \$60. Of this sum there is due A \$17, B \$21, and C \$22. The entry might be:

Interest	\$60
To A	\$17
B	21
C	22

But this unnecessarily enlarges the Interest account. Since from the above entry each partner's gain will be decreased \$20 or loss increased \$20, we may reason as follows:

1. A's debit is \$20, and his credit \$17. He owes the business \$3.
2. B's debit is \$20, and his credit \$21. The business owes him \$1.
3. C's debit is \$20, and his credit \$22. The business owes him \$2.

The following entry would then adjust the interest between partners.

A	\$3
To B	\$1
C	2

On the above basis of reasoning make the proper entry to adjust the interest on the proprietors' accounts in your business.

Have the entry approved before posting it to the ledger.

CLOSING THE WORK FOR OCTOBER

1. Close the cash book. Proceed carefully and study the model cash book. Post the summary of the cash book.
2. Rule and foot the sales book and make the proper entry. Post the entry.
3. Rule and foot the journal and make the proper entry. Post the entry.
4. Rule and foot the invoice book and make the proper entry. Post the entry.
5. Prove the sales ledger. (See model, page 185.)
6. Prove the purchase ledger. (See model, page 186.)
7. Have your abstracts approved by your teacher.
8. Make a trial balance from the general ledger and have it approved.
9. Copy the inventories in the journal in the usual way. The following is a statement of the inventories.

INVENTORIES, Oct. 6, 19—

Merchandise (Resource) :	
Per schedule on file	\$24057.59
Merchandise (Liability) :	
Due Enterprise Carting Co. for freight and cartage to date	\$339.45
Horse and Wagon :	
Estimated cost	\$525.
Depreciation	<u>5.25</u>
	\$519.75
Rent :	
Due for subrentals	\$15.
Unearned rent	<u>225.</u>
	\$240.
Insurance :	
Unearned premium	\$195.
Office Fixtures :	
Estimated cost	\$1920.
Depreciation	<u>192.</u>
	\$1728.
Expense (Resource) :	
2 tons Coal	\$9.
Stationery, etc.	<u>6.50</u>
	\$15.50

Expense (Liability):

Unpaid gas bill	\$15.69
Due proprietors on salary	68.75
Due traveling salesman on salary	31.50
Due Bell Telephone Co.	9.50
	—————
	\$125.44

10. Make a statement of losses and gains and have it approved.

The following is suggestive of the form for the statement of losses and gains in this set.

Statement of Losses and Gains, Oct. 6, 19—

Mdse. bought of A. J. Weaver & Co.	14500			
Mdse., regular purchases to Oct. 6,	21500	90		
Freight and drayage paid to date	120			
Freight and drayage due to date, per inv.	390	510		
Mdse. sales to date			24170	90
Mdse. on hand, per inv.			17200	10
<i>Gain on Mdse. carried down</i>	<u>4860</u>	<u>10</u>	<u>41371</u>	<u>10</u>
 Gain on Mdse. brought down			4860	10
Expense, total per ledger	790			
Expense, unpaid items, per inv.	340			
Expense, total outlay	1130			
Expense, less items on hand per inv.	120	1010		120
Mdse. Disc. on purchases				
Mdse. Disc. on sales		300		
Int. and Disc. allowed to us				10
Int. and Disc. allowed by us		20	50	
Insurance, paid premium	340			
Insurance, unearned premium	290	50		
Coll. and Exch., total outlay		17	50	
Rent paid to date	420			
Rent unearned	250			
Rent due for subrentals	50	300	120	
Depreciation as under				
(a) Horse and Wagon, on account of use		15		
(b) Office Fixtures, on account of use		160		
<i>C. E. Reardon's net gain</i>		1069	03	
<i>W. D. Lyman's net gain</i>		1069	03	
<i>M. W. Winney's net gain</i>		1069	04	
	<u>4990</u>	<u>10</u>	<u>4990</u>	<u>10</u>

11. Make a statement of resources and liabilities and have it approved.

The following is suggestive of the form for the statement of resources and liabilities in this set.

Statement of Resources and Liabilities, Oct. 6, 19—

Cash in bank	4057		
Properties classified as follows :			
Good Will, estimated value	2000		
Mdse. on hand, per inv.	17200.10		
Mdse., unpaid freight and cartage	390.	16810	10
Horse and Wagon, cost	555.		
Horse and Wagon, depreciation	15.	540	
Office Fixtures, cost	1960.		
Office Fixtures, depreciation	160.	1800	
Expense, unpaid items, per inv.	340.		
Expense, coal, stationery, etc., per inv.	120.		220
Insurance, unearned premium	290		
Rent, unearned	250.		
Rent due for subrentals	50.	300	
Accts. Rec., per sales ledger	7200		
Bills Rec., unpaid	200		
Accts. Pay., per purchase ledger			9020
Bills Pay., unredeemed			750
<i>C. E. Reardon, due on private acct.</i>			1069 03
<i>W. D. Lyman, due on private acct.</i>			1069 03
<i>M. W. Winney, due on private acct.</i>			1069 04
Capital Stock of the business			20000
	33197	10	33197 10

12. Make a statement proof and have it approved.
 13. Close the general ledger. Close the net gain or net loss belonging to each partner into the proprietors' private accounts. The firm account does not need to be closed.
 14. Prove the bill book.
 15. Close all accounts on the sales and purchase ledgers which balance.
 16. Hand in all your books for examination and approval.
- This set will now be discontinued in order to afford the student practice along a little different line of work. In Set VII the main features of this set will be emphasized again, and some additional principles explained and illustrated.
- Draw a check in favor of your teacher for the amount to the credit of your firm at Union Bank, and hand it in. Also hand in everything which is in the *Personal Cash* envelope.

REVIEW EXERCISES

Take a sheet of journal paper and make entries for the following:

1. A, B, and C enter into a partnership agreement Jan. 1, under the firm name of A, B, C & Co. A invests \$25,000; B, \$17,500; C, \$21,500. Jan. 15 A drew out \$250; B, \$300; C, \$400. Gains and losses are to be shared equally and interest is to be allowed on all investments and charged on all withdrawals. A statement of the condition of the business is made Jan. 31. Make the proper entry to adjust the interest between the partners.

2. D, E, and F enter into a partnership agreement Dec. 1, under the firm name of D, E, F & Co. D invests \$3500; E, \$2000; F, \$1500. Gains and losses are to be shared equally, and interest is to be allowed on all investments and charged on all withdrawals. A statement of the condition of the business is made Dec. 31. There have been no withdrawals. Make the proper entry to adjust the interest between the partners.

3. Fully analyze entries 1 and 2.

GENERAL REVIEW QUESTIONS

1. What advantages are derived from the use of auxiliary ledgers? 2. What account in the general ledger should agree with an abstract of the sales ledger? Why?
3. What account in the general ledger should agree with an abstract of the purchase ledger? Why?
4. State the argument in favor of running cash sales through the sales book and posting them to the ledger the same as regular time sales.
5. When auxiliary ledgers for sales and purchases are used how must the invoice book be posted? the sales book?
6. What special columns are employed in the cash book of this set?
7. What general advantages are derived from the employment of special columns?
8. Explain in detail how to post the various columns on the left side of the cash book in this set.
9. Explain in detail how to post the various columns on the right side of the cash book.
10. To which of the two general classes of accounts does the good will account usually belong? May it ever belong to the other class? Explain.
11. Name some of the things that contribute to a faulty letter of application.
12. Name some of the things that contribute to a good letter of application.
13. Give some reasons why private accounts with the individual members of a firm should be opened.
14. State the nature of the items that are usually charged to a partner's private account; credited.
15. Under what circumstances are checks certified in business?
16. In what respects is a check stronger after certification than before? In what respects is it the same?
17. State the details of making a shipment by express C.O.D.; by freight C.O.D.
18. Explain how to prove the sales ledger; the purchase ledger.
19. Are abstracts of auxiliary ledgers absolute proof of the correctness of such ledgers? Explain.
20. Name the principal things that contribute to a good letter of recommendation.
21. Explain in detail the method outlined for adjusting the interest on partners' private accounts.
22. Give an example of a liability inventory on expense account; on merchandise account; on interest and discount account.

Price List for November and December

GOODS	QUANTITY	COST	SELLING PRICE
American Black Dress Silk	yd.	\$1.00	\$1.25
Amazon Cloth	"	.98	1.25
Barjeon Cashmere	"	1.12½	1.37½
Black English Camel's Hair	"	1.50	1.87½
Black Wool Lansdowne	"	.52	.68
Black Wool Crêpon	"	1.50	2.00
Bengaline Silk	"	.85	1.10
Bone Buttons	gro.	.11	.14
Boys' Heavy Cotton Hose	doz.	1.00	1.25
Black Chantilly Lace	pc.	.66½	.90
Corticelli Silk	doz. spools	.87½	1.05
Cotton Surah Lining	yd.	.50	.62
Duchesse Lace	pc.	2.25	3.00
Feather Ticking	yd.	.05½	.08
Fancy Wool Cheviot	"	1.12½	1.35
Fine English Serge	"	1.37½	1.55
Fancy Plaids, all wool	"	.32	.41
Fancy Boucle Stripe	"	.12½	.15
Fancy Black Ribbon	pc.	2.75	3.50
Fancy Gingham	yd.	.06½	.08
Gilt Buttons	gro.	1.87½	2.25
Gunner's Duck	yd.	.14	.17½
Grosgrain Ribbon	pc.	1.12½	1.50
Jet Buttons	gro.	2.40	3.00
Ladies' Cashmere Hose	doz.	2.75	3.50
Linen Torchon Lace	doz. pcs.	.86	1.10
Ladies' Kid Gloves	doz.	7.50	9.50
Men's Kid Gloves	"	7.00	9.00
Marquise Lace	pc.	1.75	2.20
Men's Balbriggan Half Hose	doz.	5.50	6.87½
Percale Shirting	yd.	.07½	.09½
Scotch Cheviot	"	.37½	.50
Striped Denim	"	.08	.09½
Simpson Mourning Print	"	.05½	.07
Taffeta Silk	"	.87½	1.00
Thompson Thread	doz. spools	.48	.50
Venetian Crape Cloth	yd.	.87½	1.00
Velvet Ribbon	pc.	2.12½	2.87½
Wash Silk	yd.	.31	.39
Wamsutta Cotton	"	.31	.39
Whalebones	doz.	.95	1.27

SET VII—DRY GOODS BUSINESS

The object of this set is to afford a brief drill in some of the technicalities of the dry goods business and to illustrate, as concisely as possible, a system of accounting which, with slight modifications, would be well adapted to the general routine of a wholesale or jobbing dry goods house. No attempt is made to enter into an explanation of the minor details of accounting, which are different in nearly all large dry goods establishments; but a clear, definite, and suggestive plan for a general wholesale or jobbing dry goods house is fully explained and illustrated.

Special Features.—Among some of the special features of the set are:

1. Some helpful suggestions bearing upon general business correspondence.
2. Introduction and use of the Suspense account, significance of Protest as applied to commercial paper, etc.
3. General use of special columns more fully explained.
4. Especially helpful invoicing.
5. Use of Power of Attorney.
6. A personal account closing into Loss and Gain account illustrated.

The books employed are: cash book, sales book, invoice book, journal, general ledger, sales ledger, purchase ledger, bill book, and check book.

With the exception of the cash book, these books are the same as in Set VI.

The cash book used in this set is essentially the same as explained and illustrated for Set VI, the only difference being in the introduction of several new special columns.

Special columns on either side of the cash book may be used profitably whenever there are sufficient entries to justify it.

The *Bills Receivable* column on the left side is for cash received for notes and acceptances paid or discounted. Only the totals of this column are posted. Such a column would be justifiable when there are a large number of notes received on account.

The *Bills Payable* column on the right is for cash paid out for our notes and acceptances. Only the totals of this column are posted. Such a column would be justifiable when there are frequent payments by notes and acceptances.

The illustration of the cash book on pages 204 and 205 is self-explanatory and should be studied carefully.

Cash Receipts, November, 19—

Special Columns in Sales Books and Invoice Books. — The sales book used in many wholesale and jobbing dry goods houses is provided with special columns for the several departments of the business. These columns would be indispensable where a special Merchandise account is employed for each department, instead of one account for all departments.

Where these departmental accounts are kept, the invoice book should also be provided with special columns for the several departments.

NOTE. — When accounts with the several departments of a business are kept they are debited with their approximate share of the general expenses of the concern. This, in most cases, would mean an additional number of special columns in the cash book. The inventories belonging to each department would then be

Cash Payments, November, 19—

DATE	F	ACCOUNT DEBITED	EXPLANATION	ACCTS. PAYABLE		EXPENSE	COLL. AND EXCH.	BILLS PAYABLE	GENERAL
				DISC. CR.	NET CASH				
Nov.	18 ✓	Expense	Stamps			10	50		
	19 ✓	Expense	Coal bill			9	50		
	20 31	Mason & Co.	Inv. 18th, 2%	40	1960				
	21 30	Ely & Co.	Inv. 19th, 2%	38	1862				
	22 5	Salary	For week						140
	23 2	Trav. Exp.	W. Conway						200
	23 ✓	Coll. and Ex.	On checks				4	92	
	24 ✓	Bills Pay.	Chgd. at bank					1200	
	24 ✓	Bills Pay.	Chgd. at bank					200	
	24 6	Interest	On above						10
	25 29	May & Co.	Inv. 18th, 4%	60	1440				
	25 ✓	Coll. and Ex.	On above				75		
	28 6	Discount	Daniel's note						14 10
	28 ✓	Bills Pay.	Chgd. at bank					500	
	29 ✓	Expense	Gas bill			17			
	29 1	W. K. Gay	Private use						100
	30 32	Low & Co.	On account		220				
	30 34	Henry & Co.	On account		200				
	30 ✓	Coll. and Ex.	On checks				1	20	
	30 4	Accts. Pay.	Total disc. on	138					
	30 2	To Mdse.D.	purchases						5682
	30 4	Accts. Pay.	Payments		5682				
	30 8	Expense	Total			37			37
	30 7	Coll. and Ex.	Total				6	87	6 87
	30 3	Bills Pay.	Total paid					1900	1900
	30	Balance	In bank						6052 60
									14142 57

recorded separately, and the several departmental accounts closed separately into a general Merchandise account ; or directly into the Loss and Gain account, if there are no goods kept in stock except those covered by the different departments.

BUSINESS FORMS FOR NOVEMBER

Prepare the following forms before taking up the memoranda for November.

Form 1: Power of attorney by which A. J. Morley & Co. confer upon you the right to sign and indorse their notes, checks, other negotiable paper, etc.

Use legal cap paper. (See Form VI in the Appendix.)

Follow the foregoing arrangement for all the invoicing in this set. 41^2 is equal to $41\frac{1}{2}$, 45^3 is equal to $45\frac{3}{4}$. Fractions having a denominator other than 2 or 4 are written out in full. In finding the total number of yards in any number of pieces, do not copy off the various items to another sheet, but add them horizontally as they stand. Add the fractions first and reduce them to their simplest form ; then add the integers and write the sum on the bill in the manner shown by the illustration.

NOTE. — Your firm's name is A. J. Morley & Co.

Proceed carefully. Take pride in being accurate, for accuracy is of the utmost importance in business. The accurate business man and the accurate thinker and worker are successful.

Form 5: Draft of Jordan, Marsh & Co., Boston, dated Nov. 19, drawn on your firm, in favor of themselves, at 10 days' sight, for \$500.

Form 6: Draft of Traders National Bank, Batavia, on Chemical National Bank, New York, dated Nov. 19, drawn in favor of F. M. Reed & Co., and transferred by them to your firm by full indorsement, for \$3262.57, W. D. Fain, Cashier.

Form 7: Invoice of R. W. White & Co., New York, dated Nov. 19. Terms : 3/15, net 30 days. Items as follows :

10 pcs. (45, 52, 41, 50, 56, 62, 61, 50, 52, 58) Am. B. D. Silk

10 pcs. (42, 45, 52, 58, 61, 64, 52, 49, 51, 50) Barjeon Cashmere

10 pcs. (45, 52, 61 $\frac{1}{2}$, 64 $\frac{3}{4}$, 62, 50, 50 $\frac{1}{4}$, 54, 51, 57) B. E. Camel's Hair

100 doz. spools Corticelli Silk

5 pcs. (52, 41, 40, 47, 56) Feather Ticking

50 pcs. Marquise Lace

10 pcs. (42 $\frac{1}{2}$, 42, 47, 62, 56, 50, 58, 52, 57 $\frac{1}{4}$, 54) Striped Denim

20 doz. Men's Balbriggan Half Hose

Form 8: Draft of F. R. Stearns & Co., Boston, dated Nov. 20, drawn on your firm, in favor of themselves, at 4 days' sight, for \$630.

Form 9: Bill of F. M. Upton & Co., City, dated Nov. 21, for 6 tons coal at \$5.25. Terms : cash.

Bill is receipted by C. O. M. for F. M. Upton & Co.

Form 10: Invoice of the Ellsworth Mills, Detroit, dated Nov. 19. Terms : 3/10, 1/30, net 60 days. Items as follows :

25 doz. Ladies' Cashmere Hose

10 pcs. (52 $\frac{1}{4}$, 51, 46, 42, 57, 52 $\frac{1}{4}$, 56, 58, 57 $\frac{1}{4}$, 59) V. C. Cloth

6 pcs. (52, 41, 52, 48, 52, 51 $\frac{1}{4}$) Wash Silk

10 pcs. (42, 41, 46, 50, 49, 48, 49, 52, 47, 45) Taffeta Silk

Form 11: Check of Knowlton & Beach, Rome, dated Nov. 20, drawn on Traders National Bank, in favor of your firm, for \$275.

Form 12: Bill of Fisher Bros., Tonawanda, dated Nov. 20, for 1 mahogany roll-top office desk, \$125. Terms: cash.

Form 13: Invoice of Freeman Glove Co., City, dated Nov. 21. Terms: 2/10, net 30 days. Items as follows:

75 doz. Men's Kid Gloves	75 doz. Ladies' Kid Gloves
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Form 14: Sight draft of C. D. Washburn, Bedford, drawn on Freeman Glove Co., City, Nov. 20, in favor of your firm, for \$56.25.

Form 15: Check of Gardiner & Sprong, Rush, dated Nov. 21, drawn on Traders National Bank, in favor of your firm, for \$300.

Form 16: Sight draft of Fred S. Goodwin, Savannah, dated Nov. 21, drawn on Geo. R. Tillison, City, in favor of your firm, for \$250.

Form 17: Invoice of Ellis Mfg. Co., Springfield, dated Nov. 21. Terms: 3/10, net 30 days. Items as follows:

50 gro. Bone Buttons	100 gro. Gilt Buttons
	100 gro. Jet Buttons

Form 18: Received bill of Citizens Carting Co., City, dated Nov. 23. Terms: cash. Items as follows:

Nov. 19, Cartage, \$4.75 ; Freight, \$69.54	
" 20, Cartage, 1.00 ; Freight, 24.50	
" 21, Cartage, 3.50 ; Freight, 62.50	
" 22, Cartage, 3.75	

Form 19: Note of B. N. Acker, Byron, dated Nov. 21, drawn at 30 days, with interest at 6%, in favor of your firm, for \$1000, payable at Alliance Bank of Byron.

Form 20: Draft of J. V. Richardson & Co., Earlville, dated Nov. 22, on H. A. McDowell & Co., City, in favor of your firm, drawn at 10 days from date, for \$150.

Form 21: Check of John B. Howard & Co., City, dated Nov. 22, drawn on Traders National Bank, in favor of your firm, for \$600.47.

Form 22: Invoice of C. O. Bond & Co., Philadelphia, dated Nov. 22. Terms: 10-day draft for \$250 ; balance in 30 days, less 2%. Items as follows:

10 pcs. (52 $\frac{1}{4}$, 50, 52, 56, 42, 48, 53 $\frac{1}{4}$, 54, 56, 50) Gunner's Duck

10 pcs. (47, 45 $\frac{1}{2}$, 47 $\frac{1}{2}$, 46, 54, 56, 62, 50, 54, 51) S. M. Print

5 pcs. (47 $\frac{1}{2}$, 41, 48, 46 $\frac{1}{2}$, 49) Scotch Cheviot

25 pcs. Duchesse Lace

10 pcs. (49, 42, 52, 47, 41, 46, 40, 54, 62, 60) B.-E. Camel's Hair

Form 23: Draft of C. O. Bond & Co., Philadelphia, dated Nov. 22, drawn in their own favor at 10 days from date, on your firm, for \$250.

Form 24: Check of C. D. Washburn, Bedford, dated Nov. 22, drawn on Traders National Bank, in favor of your firm, for \$605.19.

Form 25: Check of Knowlton & Beach, Rome, dated Nov. 23, drawn on Traders National Bank, in favor of your firm, for \$1200.

Form 26: Sight draft of Houghton, Dutton & Co., Chicago, dated Nov. 23, drawn on your firm, in favor of themselves, for \$750, and indorsed by them to Merchants Bank, Chicago. Transferred by Merchants Bank to the Union Bank of your place, C. E. Hall, Cashier.

Form 27: Draft of Traders National Bank, Tonawanda, on Chemical National Bank, New York, dated Nov. 23, drawn in favor of D. E. Mosher, and transferred by him to your firm by full indorsement, for \$392, S. H. Lyman, Cashier.

Form 28: Notice of protest of note of J. N. Smith & Co., left at Union Bank for collection. The notice is dated Nov. 25, W. E. King, Notary Public.

Take a sheet of ordinary letter paper and prepare the above notice, being guided by Form VIII in the Appendix.

NOTE.—A notice of protest is generally partly printed and partly written, but this is not necessary.

A notice of protest must include the following items of information :

1. A full description of the paper.
2. A statement to the effect that payment has been demanded and refused.
3. A statement to the effect that holder depends on the indorser for settlement.

Form 29: Invoice of Eureka Mills, Little Falls, dated Nov. 24. Terms: 5-day draft for \$150; balance in 30 days, less 1%. Items as follows:

10 pcs. (52, 45, 40, 41, 42, 40, 52, 50, 52, 47) Taffeta Silk

10 pcs. (52, 51, 60, 60, 61, 60, 62, 61, 58, 53) Wamsutta Cotton

50 doz. spools Thompson Thread

25 doz. Whalebones

12 pcs. (42, 40 $\frac{1}{2}$, 45, 40, 45, 47 $\frac{1}{2}$, 41 $\frac{1}{2}$, 44, 47, 49, 50, 50) Wash Silk

15 pcs. (41, 52, 48, 62, 61, 47, 58, 57, 56, 52, 41, 42, 43 $\frac{1}{2}$, 41, 42)
Striped Denim

10 pcs. (48, 42, 53, 47, 49, 41, 48, 52, 52, 48) B. W. Crêpon

5 pcs. (42, 48, 52, 58, 50) Fancy Wool Cheviot

Form 30: Draft of Eureka Mills, Little Falls, dated Nov. 24, drawn on your firm, in favor of themselves, at 5 days from date, for \$150.

Form 31: Note of Eaton & Co., Williamson, dated Nov. 26, drawn at 30 days, in favor of your firm, for \$750, with interest at 6%, payable at Union Bank.

Form 32: Check of J. N. Badger, City, dated Nov. 27, drawn on Traders Bank, in favor of your firm, for \$813.35.

Form 33: Sight draft of C. D. Washburn, Bedford, dated Nov. 27, drawn on Howard, Fitzsimmons & Co., City, in favor of your firm, for \$150.

Form 34: Draft of Traders National Bank, Rush, on Chemical National Bank, New York, dated Nov. 27, drawn payable to Gardiner & Sprong, and transferred by them to your firm by full indorsement, for \$596.33, C. O. Moran, Cashier.

Form 35: Check of L. O. Sweetland, Buffalo, dated Nov. 27, drawn on Traders National Bank, in favor of your firm, for \$533.70.

Form 36: Bill of Citizens Carting Co., City, dated Nov. 29. Terms: cash. Items as follows:

Nov. 24, Cartage, \$2.25 ; Freight, \$39.42
" 25, Cartage, 1.75
" 26, Cartage, 1.75 ; Freight, 42.69
" 27, Cartage, 2.00 ; Freight, 16.20
" 28, Cartage, 1.50
" 29, Cartage, .75

The bill is receipted by W. O. W., for Citizens Carting Co.

Form 37: Invoice of Freeman Glove Co., City, dated Nov. 28. Terms: 2/10, net 30 days. Items as follows:

25 doz. Ladies' Kid Gloves .	25 doz. Men's Kid Gloves
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Form 38: Invoice of Geo. A. Wright & Co., Brooklyn, dated Nov. 28. Terms: 3/10, net 60 days. Items as follows:

20 pcs. Velvet Ribbon

20 pcs. Marquise Lace

20 pcs. Black Chantilly Lace

10 pcs. (42, 48, 52, 58, 62, 38, 49, 51, 54, 46) Percale Shirting

10 pcs. (58, 42, 49, 51, 54, 46, 58, 42, 57, 43) F. W. Cheviot

10 pcs. (47, 53, 64, 36, 52, 48, 49, 51, 48, 52) C. S. Lining

6 pcs. (47, 52, 62, 38, 45, 55) Amazon Cloth

5 pcs. (49 $\frac{1}{4}$, 40 $\frac{1}{2}$, 60 $\frac{1}{4}$, 50 $\frac{1}{2}$, 49) Barjeon Cashmere

Form 39: Invoice of Clinton Mills, Syracuse, dated Nov. 28. Terms: 3/10, net 60 days. Items as follows:

10 pes. (49 $\frac{1}{4}$, 50 $\frac{1}{4}$, 52 $\frac{1}{4}$, 47 $\frac{1}{2}$, 42 $\frac{1}{2}$, 47 $\frac{1}{2}$, 62, 48, 61, 39) B. W. Lansdowne
 5 pes. (47 $\frac{1}{4}$, 52 $\frac{1}{4}$, 48 $\frac{1}{4}$, 51 $\frac{1}{4}$, 50) Scotch Cheviot
 20 pes. Grosgrain Ribbon

Place the foregoing forms in your envelope entitled *Incoming Papers* and hand them to your teacher for approval.

MEMORANDA OF TRANSACTIONS FOR NOVEMBER

WEDNESDAY, Nov. 19

In order to make a variety of helpful practice, the student will not be a member of the firm as in previous sets, but will act as bookkeeper and confidential clerk for the wholesale dry goods house of A. J. Morley & Co., located at 624 North Ave., City.

The members of the firm have decided to give you a power of attorney, in order that you may sign and indorse the notes, checks, and all other negotiable paper, letters, etc., of the firm.

Take the power of attorney (Form 1), fold it properly, and in the upper right-hand corner write:

POWER OF ATTORNEY
A. J. MORLEY & CO.
to
(STUDENT).
NOV. 19, 19__.

Your firm has decided to withdraw their balance on deposit with the Traders National Bank, City, and deposit it with the Union Bank.

Take the check (Form 2) for \$4834.44, indorse it, make out a deposit ticket, place both in your pass book, and open an account at the Union Bank.

The firm name must be written as follows on all indorsements, etc., in this set:

A. J. Morley & Co.,
by (Student), Atty.

In opening an account for the firm by whom you are employed as above, in real business, you would need to take with you your power of attorney, showing the right conferred upon you to indorse paper for deposit, etc.

Enter the amount of the check in your check book ; also carry it to a new page of your cash book.

**WHAT SHOULD GENERALLY BE DONE ON ASSUMING CHARGE
OF A SET OF BOOKS**

1. Find out whether the cash proves.
 - a. If it does, balance the cash book and post the items that are not already on the ledgers.
 - b. If it does not, determine the date on which it did, and trace the errors if you can. If absolutely unable to find the errors, report them to your employers and proceed as instructed by them.
2. Post all the books to date and make a trial balance from the general ledger. If unable to strike a balance, find the last trial balance and compare it with the ledger items of that date. If there are no discrepancies in that sheet, proceed to trace the posting to the general ledger since the date of the trial balance found to be correct. Report errors and discrepancies to your employers and proceed as instructed by them.
3. In like manner test the correctness of the sales and purchase ledgers. Try to locate all errors in these ledgers by careful tracing.

After carefully studying and inspecting the books of your firm you find that everything to date is absolutely correct.

A trial balance of the general ledger exhibits the following amounts :

Trial Balance, A. J. Morley & Co., Nov. 19, 19—

15	Accts. Rec.	16119	10		
32	Mdse.	16205	46		
33	Bills Rec.	4102	50		
19	Int. and Disc.	15	62		
C. B.	Cash	4834	44		
14	Office Fixtures	1750			
42	Real Estate	10500			
40	Insurance	150			
47	Expense	50	60		
48	Mdse. Disc.			62	50
52	Accts. Pay.			10302	22
52	Bills Pay.			4260	
1	A. J. Morley & Co., Investment account			38750	
1	A. J. Morley, Private account			162	50
1	D. O. Mills, Private account			150	
44	Suspense			40	50
		53727	72	53727	72

Your firm has decided to open new books for everything. Enter the foregoing balances in your general ledger. For the date and explanation, write: "Nov. 19, per General Ledger A," and give the page of the old ledger as shown on the trial balance. Give each account one-third of a page. Place the firm account and the two proprietors' accounts on the first page.

An abstract of the sales ledger shows the following balances:

Abstract of Sales Ledger, Nov. 19, 19—

8	Baker, Shaw & Co., Clifton Springs	1250			
5	C. D. Washburn, Bedford	1300			
7	F. M. Reed & Co., Batavia	3863	47		
8	B. N. Acker, Byron	1807	44		
9	Chas. H. Dean & Co., Northampton	490	25		
10	F. O. Saunders, Sodus	275			
12	Knowlton & Beach, Rome	2363	47		
16	J. V. Richardson & Co., Earlville	612	25		
19	D. E. Mosher, Tonawanda	894	09		
20	Eaton & Co., Williamson	1540	71		
21	Gardiner & Sprong, Rush	1316	70		
24	Fred S. Goodwin, Savannah	1028	84		
27	Green & Gregory, Clyde	376	88		
15	<i>Balance per Accts. Rec. in G. L.</i>			16119	10
				16119	10
				16119	10

Enter the above balances in your sales ledger, four to the page. For the date and explanation, write: "Nov. 19, per Sales Ledger A," and give the page of the old sales ledger indicated in the above abstract. Write the addresses of the firms in the ledger.

An abstract of the purchase ledger shows the following balances:

Abstract of Purchase Ledger, Nov. 19, 19—

24	Jordan, Marsh & Co., Boston			1807	33
27	R. W. White & Co., New York			1556	14
29	F. R. Stearns & Co., Boston			3030	
34	Houghton, Dutton & Co., Chicago			2014	66
35	Eureka Mills, Little Falls			681	75
36	Ellis Mfg. Co., Springfield			912	34
43	McDowell, Cook & Co., Trenton			75	49
45	Ogden Mills, Akron			224	51
	<i>Balance per Accts. Pay. in G. L.</i>			10302	22
				10302	22
				10302	22

Enter the foregoing accounts in your purchase ledger, four to the page. For the date and explanation, write: "Nov. 19, per Purchase Ledger A," and give the page of the old purchase ledger indicated in the foregoing abstract. Write the addresses of the firms in the ledger.

The bill book shows that the following notes, left at Union Bank for collection at the close of yesterday's business, are unpaid.

1. Note of J. E. King for \$102.50, dated Akron, Ohio, Oct. 24, payable at Alliance Bank, Akron, Ohio, drawn at 30 days, in favor of A. J. Morley & Co.

2. Note of J. N. Smith & Co., for \$500, dated City, Sept. 26, payable at Union Bank, City, drawn at 60 days, with interest at 6%, in favor of A. J. Morley & Co.

3. Note of C. W. Gray & Co., dated Bath, Oct. 27, payable at First National Bank of Bath, and drawn at 30 days, with interest at 6%, in favor of A. J. Morley & Co., for \$1500.

4. Note of Jaggard & Co., dated Trenton, Oct. 29, payable at Merchants Bank, Trenton, drawn at 30 days, in favor of A. J. Morley & Co., for \$700.

5. Note of S. C. Williams, Warsaw, dated Nov. 3, payable at Commercial Bank, Warsaw, drawn at 30 days, in favor of A. J. Morley & Co., for \$1300.

Enter the above notes in your bill book. They were all left at Union Bank for collection Nov. 18.

The following unredeemed notes are also shown in the bill book:

1. Note in favor of D. N. Snow & Co., dated Nov. 3, payable at Union Bank, drawn at 30 days, with interest at 6%, by A. J. Morley & Co., for \$3000.

2. Note in favor of Jones Mfg. Co., dated Oct. 31, payable at Union Bank, drawn at 30 days by A. J. Morley & Co., for \$1260.

Enter the above bills payable in your bill book.

NOTE. — It is assumed that the two bills payable are with Union Bank for collection. The student will therefore need to draw up both notes and hand them in. (See note, page 173.)

Carefully check over all the work of opening the new books. If you think everything is correct, hand in all books for examination.

THURSDAY, Nov. 20

The account of Green & Gregory, Clyde, cannot be collected in full, as the firm has, by court proceedings, been declared insolvent. Receive

of them their note (Form 8) at three months from Nov. 19, at the rate of 50¢ on the dollar, in full of account to date, \$188.44.

Debit Bills Receivable and Loss and Gain, and credit Green & Gregory. Post the entry and close the account of Green & Gregory. In the account make two items of their credit as follows: "Nov. 20, Bills Rec., \$188.44; Nov. 20, Loss and Gain, \$188.44." This is done so that the account on its face shows the failure of the firm.

The Citizens Carting Co. has just delivered to you the goods ordered of Jordan, Marsh & Co. (Form 4) on the 14th.

Accept, payable at the Union Bank, the accompanying draft (Form 5), dated Nov. 19, at 10 days' sight, for \$500.

Draw a sight draft on Chas. H. Dean & Co., Northampton, in favor of your firm, for \$300. Indorse it properly and leave it at your bank for collection.

Receive of F. M. Reed & Co., Batavia, a New York draft (Form 6), in full of account, less 3%.

Draw \$350 from the bank by a cash check for use in the office. Ask for \$5 in change.

Pay Geo. Ellis \$10 in cash for cleaning the store and basement.

Make out a daily statement. Post the day's business. Submit your books to your teacher for examination and approval.

FRIDAY, Nov. 21

The Citizens Carting Co. has just completed the delivery of the goods ordered of R. W. White & Co. (Form 7) on the 15th.

D. O. Mills and A. J. Morley each withdraw for private use \$50 in cash.

Accept the draft of F. R. Stearns & Co., Boston (Form 8), in favor of themselves, dated Nov. 20, at 4 days' sight, payable at Union Bank, for \$630.

Pay F. M. Upton & Co.'s bill (Form 9) for coal, \$31.50, by check.

Goods ordered of the Ellsworth Mills, Detroit (Form 10), on the 13th have all been received to-day.

Receive of Knowlton & Beach, Rome, their check (Form 11) for \$275, to apply on account.

Receive of Fisher Bros., Tonawanda, bill (Form 12) for 1 mahogany roll-top office desk, \$125. Pay the bill by a sight draft on D. E. Mosher, Tonawanda.

Enter in the journal. Debit Office Fixtures.

Goods ordered of Freeman Glove Co., City, on the 18th (Form 13) have been received.

Receive of C. D. Washburn, Bedford, a sight draft (Form 14) on the Freeman Glove Co., City, in favor of your firm, for \$56.25. The letter containing the draft ordered the following goods:

5 pcs. (42 $\frac{1}{4}$, 40, 52, 53 $\frac{1}{4}$, 49) Am. B. D. Silk
 3 pcs. (47 $\frac{1}{2}$, 48, 52 $\frac{1}{2}$) Amazon Cloth
 25 doz. Boys' Heavy Cotton Hose
 15 gro. Bone Buttons
 15 doz. spools Corticelli Silk
 25 pcs. Fancy Black Ribbon

Fill the order. Terms: 2/10, 1/30, net 60 days.

The box and goods when packed for shipment weigh 200 pounds. Fill out the shipping order and receipt in the regular way, but do not itemize the articles sent. The whole order may be described as follows:

1 box Dry Goods

Write a letter to the Freeman Glove Co., inclosing C. D. Washburn's draft, to apply on account.

Deposit the New York draft and the check on hand. $\frac{1}{10}\%$ collection on the check.

Make out a daily statement and have it approved. Post the day's business, and submit all your books to your teacher for examination and approval.

SATURDAY, Nov. 22

The following orders were received in this morning's mail.

1. From F. O. Saunders, Sodus, an order for:

5 doz. Ladies' Kid Gloves	2 pcs. (50 $\frac{1}{2}$, 42) Taffeta Silk
15 doz. pcs. L. Torchon Lace	5 doz. Men's Balbriggan Half Hose
5 pcs. (54 $\frac{1}{2}$, 50, 47 $\frac{1}{2}$, 48, 49) Striped Denim	

Fill the order. Terms: 2/10, 1/30, net 60 days. You find that the box and the goods weigh 175 pounds.

2. From Eaton & Co., Williamson, an order for:

9 doz. Whalebones	5 doz. Men's Kid Gloves
5 pcs. Velvet Ribbon	5 pcs. (42, 47, 52, 54, 49) P. Shirting
4 pcs. (52, 60, 49 $\frac{1}{2}$, 50) Simpson Mourning Print	

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 200 pounds.

3. From Gardiner & Sprong, Rush, an order for:

5 pcs. Duchesse Lace	4 pcs. (47, 52, 45, 50) S. Cheviot
5 doz. Men's Kid Gloves	3 pcs. (49 $\frac{1}{2}$, 47 $\frac{1}{2}$, 49 $\frac{1}{2}$) B. W. Crépon
5 doz. spools Thompson Thread	3 pcs. (51 $\frac{1}{4}$, 52, 52 $\frac{1}{4}$) V. C. Cloth

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 240 pounds.

With the above order was a check (Form 15) for \$300, to apply on account.

Receive of Fred S. Goodwin, Savannah, a sight draft (Form 16) on Geo. R. Tillison, City, for \$250, to apply on account.

You know that the draft is good and credit Goodwin for its face. Place the draft in the *Business Cash* envelope.

Goods ordered of Ellis Mfg. Co. on the 17th (Form 17) have all been delivered by the Citizens Carting Co.

Pay by check bill of the Citizens Carting Co. (Form 18) for freight and cartage to date, \$169.54.

Charge Merchandise in the cash book.

Pay salaries for the week in cash, \$135.

Charge Salary in the cash book.

Write a letter to Wm. J. Tenny, Albany, inclosing a check for \$140, in payment for his November salary. He is to start on a two weeks' vacation on Monday.

Charge Traveling Expenses in the cash book.

Receive of B. N. Acker, Byron, his note (Form 19), in favor of your firm, for \$1000, drawn at 30 days, from Nov. 21, with interest at 6%, payable at Alliance Bank of Byron.

Receive of J. V. Richardson & Co., Earlville, their draft, drawn at 10 days after date, on H. A. McDowell & Co., your city, in favor of your firm, for \$150, to apply on account.

Take the above draft (Form 20) to your offices or teacher for acceptance.

A letter containing the above draft ordered the following goods:

5 gro. Gilt Buttons
5 pcs. (45, 42, 54, 56, 55 $\frac{1}{2}$) Fancy Gingham
4 pcs. (56, 62 $\frac{1}{4}$, 66 $\frac{1}{4}$, 64) Cotton Surah Lining
2 pcs. (45 $\frac{1}{4}$, 47) Black Wool Crépon
5 pcs. (45 $\frac{1}{4}$, 45 $\frac{1}{2}$, 44, 46, 45) Bengaline Silk

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 320 pounds.

John B. Howard & Co., City, write ordering:

5 pcs. (47 $\frac{1}{4}$, 48, 52, 60, 57) Barjeon Cashmere

3 pcs. (42 $\frac{1}{4}$, 44 $\frac{1}{4}$, 46) Black English Camel's Hair

They inclose their check (Form 21) in payment for the bill, less 2%.

Enter the above in the sales book, deducting the 2% discount allowed.

Enter the check to the credit of John B. Howard & Co. in the cash book. Place a small X in the folio columns of sales book and cash book opposite the firm name to show that neither of the items should be posted. This is to illustrate how some business houses keep "spot cash" sales out of the sales ledger.

D. O. Mills, who has been out of town several days, has just returned. In looking over your books he notices the Suspense account of \$40.50, and is reminded that on the day he left for Boston, Nov. 17, he sold Joseph L. Dillingham, City, for cash, 2 pcs. (40, 41) Scotch cheviot; that the cash was put in the cash drawer, but that no bill was rendered or memorandum made.

Make the proper entries to adjust this blunder. Proceed as follows:

1. Make an entry on the right-hand side of the cash book, in red ink, debiting Suspense account \$40.50.
2. Enter the sale in the sales book in the regular way. Check the amount X, so that it will not be posted.
3. Credit Joseph L. Dillingham on the left-hand side of the cash book in the regular way. Check the amount X, so that it will not be posted.

SUSPENSE ACCOUNT EXPLAINED

The Suspense account, as it is generally employed, contains the items of "cash over" or "cash shortage." Sometimes when several persons handle the cash, money is taken in or paid out and no memorandum made; and, again, *sometimes* a remittance is made in such a way as to fail to disclose the name of the person who made it. About the only thing to do in such cases is:

- a. For "cash over": debit Cash and credit Suspense account.
- b. For "cash shortage": debit Suspense account and credit Cash.

These entries are generally made in red ink.

The Suspense account may represent either a resource or a liability or a loss or a gain; as,

a. Where items of suspense have been of long standing at the time of making a statement of the business, the balance is usually carried into loss or gain, depending upon which side is the larger.

b. Where such items have not been of long standing, they are treated as resources or liabilities, depending upon which side is the larger.

Give M. P. Keeler a check for \$100 for the private account of D. O. Mills.

Give H. C. Benway a check for \$120 for painting the store. Charge Real Estate.

Deposit the two checks and the sight draft on hand. $\frac{1}{10}\%$ collection on Gardiner & Sprong's check.

Make out a daily statement and have it approved. Post the day's business and submit all your books to your teacher for examination and criticism.

MONDAY, Nov. 24

Discount at Union Bank the note received of B. N. Acker on the 22d. Receive credit for the proceeds.

Make out a discount memorandum, pin it to the note, place in the pass book, and go to the bank and receive the proper credit.

HOW TO DISCOUNT AN INTEREST-BEARING NOTE

1. Add the interest for the full time to the face of the note.
2. Discount the amount of the note (the face plus the interest) for the time from the date of discount to the maturity of the note.
3. Subtract the discount found from the amount of the note, and the difference is the sum for which you should receive credit.

Credit Bills Receivable in the cash book for the face of the note; credit Interest for the amount of the interest and debit Discount for the discount deducted. Make the proper record in the bill book.

Goods ordered of C. O. Bond & Co., Philadelphia, on the 17th have just been received (Form 22).

Accept, payable at Union Bank, the draft which accompanied the above invoice (Form 23). Draft is dated Nov. 22 and is payable in 10 days, for \$250.

A telegraphic order has just been received from Evans, Hoyt & Co., Troy, ordering the following goods to be shipped by fast freight, C.O.D.:

6 pes. (45, 42, 45, 47 $\frac{1}{2}$, 41 $\frac{1}{2}$, 40) Bengaline Silk

25 pes. Black Chantilly Lace

5 doz. Whalebones

5 pes. (47 $\frac{1}{2}$, 45, 41, 45 $\frac{1}{2}$, 47) Fancy Boucle Stripe

5 pes. (47, 52, 60, 65, 67) Cotton Surah Lining

5 pes. (42, 40, 41, 40, 54) Fine English Serge

Ship C.O.D. to the order of Union Bank, less 2%. Be sure to make out all the necessary papers. Attach the draft to the bill of lading.

Indorse the draft properly and leave it at Union Bank for collection. The box and goods weigh 350 pounds.

The following orders were received in this morning's mail. Fill them in the regular way. Terms on the first: 2/10, 1/30, net 60 days; on the second, 30-day note, with interest, in 10 days, less 1%.

1. From F. M. Reed & Co., Batavia, an order for:

10 pcs. (47 $\frac{1}{2}$, 51, 45, 48, 49, 51 $\frac{1}{2}$, 46, 49, 53, 52) Gunner's Duck

10 pcs. Grosgrain Ribbon

5 doz. Ladies' Cashmere Hose

5 pcs. Marquise Lace

4 pcs. (42 $\frac{1}{2}$, 47 $\frac{1}{2}$, 45, 50) Percale Shirting

2 pcs. (45, 46) Simpson Mourning Print

The box and goods weigh 320 pounds.

2. From Berriman & Co., Syracuse, an order for:

5 pcs. Velvet Ribbon 3 pcs. (52 $\frac{1}{2}$, 50 $\frac{3}{4}$, 42) Taffeta Silk

2 pcs. (42 $\frac{1}{2}$, 45 $\frac{3}{4}$) Wash Silk 4 pcs. (46 $\frac{1}{2}$, 47 $\frac{1}{2}$, 50, 52) S. Cheviot

3 pcs. (46 $\frac{1}{2}$, 47, 41) Venetian Crape Cloth

The above box and goods weigh 230 pounds.

Pay the balance due Ogden Mills, Akron, by check, less 2%.

Write a letter inclosing the check and hand it in.

Receive of C. D. Washburn, Bedford, a check (Form 24) in full for invoice of the 21st, less 2%.

Write a letter to R. W. White & Co., New York, inclosing a check in payment for the invoice of the 14th, less 3%. Amount of invoice, \$950.50.

Also write a letter to Houghton, Dutton & Co., Chicago, inclosing a check in payment for the invoice of the 15th, less 2%. Amount of the invoice, \$379.50.

Deposit the check on hand. Collection, $\frac{1}{10}\%$.

Make out a daily statement and hand it in. Post the day's business and hand in all your books for approval.

TUESDAY, NOV. 25

Your firm has just received a letter from Williams, Howard & Co., Springfield, asking for information with regard to the financial standing and general business equipment of Starr, Jordan & Co., of your city. You are asked to wire your reply.

You confer with A. J. Morley, the senior member of your firm, and at his suggestion send a telegram giving the following information:

The firm of Starr, Jordan & Co. do not stand well financially in your section. They were losers to the extent of over \$10,000 by the failure

of Smith, Jones & Co., Buffalo, who became insolvent about six months ago, and from this they have not fully recovered, nor, in your opinion, will they for some time to come. The members of the firm are, however, men of sterling integrity, and their statements can be depended upon.

Write the telegram and hand it in. Observe the following:

1. Do not refer to the firm of Starr, Jordan & Co. by name, since your report is somewhat unfavorable.
2. Limit your message to eighteen words.
3. Do not prepay the charges.

The following orders were received in this morning's mail. Fill each of them in the regular way. Terms: 2/10, 1/30, net 60 days.

1. From Gardiner & Sprong, Rush, an order for:

5 pcs. (40, 41, 42, 45, 46) Black Wool Lansdowne
4 pcs. (42, 41 $\frac{1}{4}$, 45 $\frac{1}{4}$, 46) Amazon Cloth
3 pcs. (47, 52, 64) Cotton Surah Lining
4 pcs. (52, 47, 48, 51) Fancy Wool Cheviot
5 pcs. (46 $\frac{1}{4}$, 47 $\frac{1}{4}$, 52 $\frac{1}{4}$, 56 $\frac{1}{4}$, 50) Barjeon Cashmere
5 gro. Gilt Buttons
10 pcs. Fancy Black Ribbon
12 doz. spools Corticelli Silk
10 doz. Boys' Heavy Cotton Hose
2 doz. Men's Kid Gloves
3 pcs. (47, 42 $\frac{1}{4}$, 45) Simpson Mourning Print

The above was shipped in two boxes weighing, when packed, 270 and 190 pounds respectively.

2. From L. O. Sweetland, Buffalo, an order for:

3 pcs. (42 $\frac{1}{4}$, 41, 45) Simpson Mourning Print
10 pcs. Velvet Ribbon
10 pcs. (50, 42, 53, 47, 41, 40, 45, 48 $\frac{1}{4}$, 47 $\frac{1}{4}$, 50) Wash Silk
3 pcs. (42, 41, 45) Fancy Gingham
3 pcs. (47, 42, 45) Fine English Serge
6 pcs. (42 $\frac{1}{4}$, 42 $\frac{1}{2}$, 45, 48 $\frac{1}{4}$, 45, 40) Fancy Plaids

The above was shipped in one box weighing, when packed, 390 pounds.

Your bank informs you that the draft drawn on Chas. H. Dean & Co. on the 20th has been collected. Collection, $\frac{1}{10}\%$.

Have the amount credited in your pass book. Make the proper entries in your cash book.

Receive of Knowlton & Beach, Rome, a check (Form 25) for \$1200, to apply on account.

Pay the sight draft of Houghton, Dutton & Co., Chicago (Form 26), by check, \$750.

Make the check in favor of Union Bank, as the draft is presented by the bank for collection.

Draft in favor of F. R. Stearns & Co., due to-day at the bank, has been charged to your firm's account.

Receive of D. E. Mosher, Tonawanda, a New York draft (Form 27) for \$892, in settlement for the invoice of the 15th, less 2%.

NOTE.—To find the amount of the bill divide the amount received by 98%.

Deposit the check and the New York draft on hand. Collection on the check, $\frac{1}{10}\%$.

Your bank notifies you that the note made by J. E. King, left for collection, has been paid. No collection charged.

Have the amount entered in your pass book, and make the proper entries in the check book, cash book, and bill book.

Write a letter to Jordan, Marsh & Co., Boston, inclosing a check in payment for the invoice of the 16th, less 3%. Amount of the invoice, \$719.50.

Make out a daily statement and hand it in. Post the day's business and hand in all books for criticism.

WEDNESDAY, Nov. 26

Receive from Union Bank notice of protest (Form 28) of J. N. Smith & Co.'s note, due yesterday. Pay the protest fees in cash, \$1.

No entry was made for the note when it was left for collection, and therefore no entry is required for it at this time. Write *Protested* in the *Remarks* column of the bill book, and debit Protest Fees in the cash book for the notary's charge for protesting.

WHEN PROTEST IS NECESSARY

1. When payment of a note or draft has been formally demanded and refused, it should be protested.
2. All foreign drafts must be protested, either for non-payment or non-acceptance, or the drawers or indorsers will be relieved of all responsibility.
3. While it is quite unnecessary to protest a note on which there is no indorser, the majority of banks will protest all paper that is not paid at maturity, unless they are specifically instructed to the contrary. **No protest** is sometimes printed on a perforated slip at the end of a note or draft. These words may be left on or detached at the discretion of the indorser of the paper.

VALUE OF PROTEST

1. In a general way a protest aids in securing prompt attention on the part of the payer to all his maturing negotiable obligations payable at a bank.
2. A protest in an indirect way aids the business man in the collection of over-due accounts, etc. A debtor will, in most cases, pay more prompt attention to a sight draft drawn upon him, which may go to protest, than he will to the ordinary statement of account or request for a remittance, since a protest is generally understood to mean that the payer of the instrument protested has not the financial ability to meet his obligations promptly.

METHOD OF PROTESTING

1. The notary takes the bill and demands payment, which is refused.
2. He writes out a statement in effect:
 - a. That he has presented and demanded payment of the bill.
 - b. That payment has been refused.
 - c. That he protests against the drawers and indorsers.
 - d. That due notice has been given to indorsers, etc.
3. He affixes his name and seal to the paper.
4. The protest is then attached to the note or draft and is filed by the holder.
(For Certificate of Protest, see Form VII in the Appendix.)

W. E. Simpson, City, has just telephoned for the following goods. He instructs you to draw on him at sight for the amount of the bill.

- 5 pcs. (42 $\frac{1}{4}$, 44 $\frac{1}{4}$, 48, 51, 62) Feather Ticking
- 2 pcs. (42 $\frac{1}{2}$, 45) Black Wool Crêpon
- 5 doz. Boys' Heavy Cotton Hose
- 3 pcs. (47, 45, 52) Barjeon Cashmere
- 4 pcs. (45 $\frac{1}{4}$, 46, 43, 41) Amazon Cloth
- 3 pcs. (48, 52, 40) Black English Camel's Hair

Fill the order. Terms: sight draft, less 2%.

Draw the draft and place it in the *Business Cash* envelope. Enter in the cash book and sales book. Check the items on both books, so that the proceeds of the bill need not be entered in the sales ledger.

J. N. Badger, City, has just telephoned for the following goods:

- 6 pcs. (45, 42, 41, 40, 53, 49) Fancy Boucle Stripe
- 25 pcs. Fancy Black Ribbon
- 5 doz. Ladies' Kid Gloves
- 5 doz. Men's Kid Gloves
- 2 pcs. (42 $\frac{3}{4}$, 41 $\frac{1}{2}$) Taffeta Silk
- 5 gro. Jet Buttons

Fill the order. Terms: 2/10, 1/30, net 60 days.

The Citizens Carting Co. has just completed the delivery of the goods ordered of Eureka Mills (Form 29) on the 18th.

Accept, payable at Union Bank, the draft (Form 30), in favor of Eureka Mills, for \$150, which accompanied the above invoice.

Receive of Eaton & Co., Williamson, their note (Form 31) at 30 days, in favor of your firm, for \$750, with interest at 6%.

Write a letter to Ogden Mills, Akron, ordering:

10 pcs. Am. Black Dress Silk	10 pcs. Fancy Plaids
10 pcs. Black Wool Crêpon	10 pcs. Amazon Cloth
100 doz. spools Corticelli Silk	10 pcs. B. E. Camel's Hair
10 pcs. Velvet Ribbon	

Write a letter to Ellis Mfg. Co., inclosing a check in payment for the invoice of the 21st, less 3%.

Deposit the sight draft on hand.

Make out a daily statement. Post. Hand in your books for criticism.

THURSDAY, Nov. 27

Write a letter to McDowell, Cook & Co., Trenton, ordering:

10 pcs. Wamsutta Cotton	10 pcs. Taffeta Silk
10 pcs. Wash Silk	7 pcs. Striped Denim
10 pcs. Venetian Crape Cloth	7 pcs. Scotch Cheviot

Give A. J. Morley a check for \$50 for private use.

Give S. M. Wells a check for \$50 for the private account of D. O. Mills.

Telegraph Houghton, Dutton & Co., Chicago, ordering:

50 pcs. Black Chantilly Lace	125 pcs. Velvet Ribbon
50 pcs. Fancy Black Ribbon	60 pcs. Duchesse Lace

Pay the cost of the telegram in cash, \$1.50.

Fill the following orders, which were received in this morning's mail.

Terms: 2/10, 1/30, net 60 days.

1. From Jas. B. Stillman, Rochester, an order for:

3 pcs. (47, 42, 45) P. Shirting	2 pcs. (52, 61) S. Denim
4 doz. Men's B. Half Hose	2 gro. Jet Buttons
3 doz. pcs. L. Torchon Lace	3 pcs. Grosgrain Ribbon

The above box and goods when packed weigh 140 pounds.

2. From Earl & Sampson, Hopewell, an order for:

2 pcs. (42, 45) P. Shirting	2 pcs. (42, 47) G. Duck
2 pcs. (45, 52) Fine Eng. Serge	2 pcs. (47, 45) S. Cheviot
2 pcs. (48, 41 $\frac{1}{2}$) Fancy Wool Cheviot	

You find that the above box and goods weigh 160 pounds.

Your bank notifies you that the note of C. W. Gray & Co., left for collection, has been paid. Face of the note, \$1500. Interest to date, \$7.50. Collection charged, \$1.50.

Enter in the cash book, check book, and bill book. Receive the proper credit in the pass book.

Receive a check of J. N. Badger (Form 32) in full for bill of the 26th, less 2%.

Deposit the check just received.

Make out a daily statement. Post the day's business. Have your books examined and approved.

FRIDAY, Nov. 28

Receive of C. D. Washburn, Bedford, a sight draft on Howard, Fitzsimmons & Co., City (Form 33), for \$150, to apply on account.

You know the draft to be as good as cash. Place it in your *Business Cash* envelope and credit C. D. Washburn in the cash book for the amount.

Receive of Gardiner & Sprong, Rush, a New York draft (Form 34) in payment of the invoice of the 22d, less 2%.

Discount at Union Bank the note received of Eaton & Co. on the 26th and receive credit for the proceeds.

Follow the instructions for a similar transaction, page 219.

Telephone Freeman Glove Co., City, ordering:

25 doz. Ladies' Kid Gloves	25 doz. Men's Kid Gloves
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Write a letter to Jordan, Marsh & Co., Boston, ordering:

25 pcs. Barjeon Cashmere	25 pcs. Fancy Wool Cheviot
10 pcs. Amazon Cloth	25 pcs. Black Wool Crépon

Remit Freeman Glove Co., City, a check in payment for the balance due on the invoice of the 21st, less 2%.

Fill the following orders. Terms: 2/10, 1/30, net 60 days.

1. From Benj. Tracy & Co., City, an order for:

15 doz. Men's Kid Gloves

15 doz. Ladies' Kid Gloves

6 pcs. (42, 41 $\frac{1}{4}$, 45 $\frac{3}{4}$, 42 $\frac{1}{2}$, 44 $\frac{1}{2}$, 40) Fine English Serge

6 pcs. (42 $\frac{1}{2}$, 43 $\frac{1}{2}$, 45, 47 $\frac{1}{2}$, 48, 49) Fancy Plaids

3 pcs. (42 $\frac{1}{2}$, 40, 44) Fancy Gingham

2. From F. M. Reed & Co., Batavia, an order for:

7 pcs. (42, 41, 40 $\frac{1}{2}$, 45, 47 $\frac{1}{2}$, 42, 47) Am. Black Dress Silk
 5 pcs. (42 $\frac{1}{2}$, 46, 42, 43, 40) Amazon Cloth
 5 pcs. (42 $\frac{1}{2}$, 40, 42, 43 $\frac{1}{2}$, 45) Black Wool Lansdowne
 5 doz. Ladies' Kid Gloves
 10 doz. Whalebones
 5 pcs. Duchesse Lace

You find that the above goods when packed weigh 390 pounds.

Deposit the sight draft on hand, also New York draft. Collection on the sight draft, $\frac{1}{10}\%$.

Make out a daily statement. Post. Have your books approved.

SATURDAY, Nov. 29

Your bank informs you that the sight draft attached to bill of lading of the 24th has been collected. Collection, $\frac{1}{10}\%$.

Enter in the cash book and check book. Have the amount entered in the pass book.

Receive a check (Form 35) from L. O. Sweetland, Buffalo, in payment for invoice of the 25th, less 2%.

Draft in favor of Eureka Mills, due to-day, has been charged to your account at the bank.

Pay bill of the Citizens Carting Co. (Form 36) for freight and cartage to date, \$108.31, by check.

Draw from the bank for office expenses \$150 by cash check.

Pay salaries for the week in cash, \$135.

Goods ordered of Freeman Glove Co. on the 28th (Form 37) have been delivered.

Fill the following orders. Terms: 2/10, 1/30, net 60 days.

1. From F. O. Saunders, Sodus, an order for:

6 pcs. (42, 45, 47, 42, 47, 48 $\frac{1}{2}$) S. Denim	10 gro. Gilt Buttons
4 pcs. (52, 47, 53 $\frac{1}{2}$, 48) Taffeta Silk	10 doz. Boys' H. C. Hose
7 pcs. (45 $\frac{1}{2}$, 42, 45, 46, 47 $\frac{1}{2}$, 40, 42) Fancy Gingham	

The above goods when packed weigh 350 pounds.

2. From B. N. Acker, Byron, an order for:

25 doz. spools Corticelli Silk	
25 gro. Bone Buttons	
5 pcs. (42 $\frac{1}{2}$, 43, 45, 44 $\frac{1}{2}$, 40) Bengaline Silk	
5 pcs. (40 $\frac{1}{2}$, 42 $\frac{1}{2}$, 40, 41, 42) Cotton Surah Lining	
5 pcs. (42 $\frac{1}{2}$, 45, 46, 42, 47) Feather Ticking	

The box and goods weigh 320 pounds.

Goods ordered of Geo. A. Wright & Co., Brooklyn (Form 38), on the 17th have been delivered; also goods ordered of Clinton Mills, Syracuse (Form 39), on the 16th.

Deposit the check on hand; no collection charged.

Your bank informs you that J. N. Smith & Co. have paid their protested note of the 26th, together with interest to date, \$5.33, and notary fees, \$1.

Have the amount entered in your pass book. Credit Bills Receivable \$500, Interest \$5.33, Protest Fees \$1. Add \$506.33 to your bank balance in the check book.

Make out a daily statement. Post in the regular way.

CLOSING THE WORK FOR NOVEMBER

1. Balance the cash book and post the totals to the general ledger.

2. Rule and foot the sales book. Make the proper entry for total.

Post the entry to the general ledger.

3. Rule and foot the journal and make the proper entry for the total.

Post the entry to the general ledger.

4. Rule and foot the invoice book. Make the proper entry for the total. Post the entry to the general ledger.

5. Prove the bill book.

6. Make an abstract of the sales ledger and have it approved.

7. Make an abstract of the purchase ledger and have it approved.

8. Make a trial balance from the general ledger and have it approved.

9. Have your pass book written up and compare it with the check book.

10. Hand in all your books to your teacher for criticism.

BUSINESS FORMS FOR DECEMBER

Before taking up the memoranda for December prepare the following forms:

Form 40: Invoice of Ogden Mills, Akron, dated Nov. 29. Terms: 2/10, net 30 days. Items as follows:

10 pcs. (57 $\frac{1}{2}$, 52, 49, 48, 46, 53 $\frac{1}{2}$, 51, 56, 50 $\frac{1}{2}$, 51) Am. Black Dress Silk

10 pcs. (52, 49, 52, 47, 56 $\frac{1}{2}$, 51, 54 $\frac{1}{2}$, 53, 57 $\frac{1}{2}$, 59) Amazon Cloth

10 pcs. (52, 50, 46 $\frac{1}{2}$, 47 $\frac{1}{2}$, 48, 52, 51, 50 $\frac{1}{2}$, 54, 51) B. E. Camel's Hair

10 pcs. (52, 48, 46 $\frac{1}{2}$, 47, 49, 61, 58, 53, 56 $\frac{1}{2}$, 54) B. W. Crêpon

100 doz. spools Corticelli Silk

10 pes. (54 $\frac{1}{2}$, 53, 57, 56, 50, 48, 47, 49, 52 $\frac{1}{2}$, 54) Fancy Plaids

10 pes. Velvet Ribbon

Form 41: Check of B. N. Acker, Byron, dated Nov. 29, drawn on Traders National Bank, in favor of your firm, for \$403.14.

Form 42: Sight draft of Earl & Sampson, Hopewell, dated Nov. 29, drawn on Williams, Seamans & Co., City, in favor of your firm, for \$29.45.

Form 43: Draft of Traders National Bank, Rochester, on Chemical National Bank, New York, dated Nov. 29, drawn in favor of Jas. B. Stillman, and transferred by him to your firm by full indorsement, for \$63.47, C. C. Canan, Cashier.

Form 44: Draft of Union Bank, City, on Chemical National Bank, New York, dated Dec. 1, drawn in favor of your firm, for \$718.27, W. B. Frey, Cashier.

Form 45: Check of H. A. McDowell & Co., City, dated Dec. 2, drawn on Traders National Bank, in favor of your firm, for \$150.

Form 46: Bill of Myers, Teeter & Co., Savannah, dated Nov. 29. Terms: cash. Items as follows:

5 M 28-lb. M. Envelopes at \$1.25	1 M R. B. Envelopes at \$2
25 lbs. $\frac{1}{2}$ Billheads at $12\frac{1}{2}\%$	25 lbs. Statement Blanks at $14\frac{1}{2}\%$
10 lbs. Blotting Paper at $8\frac{1}{2}\%$	5 rms. L. T. Paper at \$1.75

Form 47: Check of Gardiner & Sprong, Rush, dated Dec. 1, drawn on Traders National Bank, in favor of your firm, for \$1155.67.

Form 48: Invoice of Houghton, Dutton & Co., Chicago, dated Dec. 1. Terms: 2/15, net 60 days. Items as follows:

50 pcs. Fancy Black Ribbon	60 pcs. Duchesse Lace
50 pcs. Black Chantilly Lace	125 pcs. Velvet Ribbon

Form 49: Check of Benj. Tracy & Co., City, dated Dec. 3, drawn on Traders National Bank, in favor of your firm, for \$781.21.

Form 50: Invoice of McDowell, Cook & Co., Trenton, dated Dec. 2. Terms: 2/10, net 60 days. Items as follows:

10 pcs. (47 $\frac{1}{2}$, 45, 50, 51, 52 $\frac{1}{2}$, 56, 54, 51, 56, 50 $\frac{1}{2}$) Wamsutta Cotton
10 pcs. (47, 46, 52, 40, 42, 41, 40, 42, 42 $\frac{1}{2}$, 40) Wash Silk
10 pcs. (42 $\frac{1}{2}$, 46, 52, 47, 55, 31, 52, 47, 51 $\frac{1}{2}$, 50) V. C. Cloth
10 pcs. (42, 50, 47, 50, 51, 52, 46, 52, 41, 50) Taffeta Silk
7 pcs. (48, 52, 57, 54, 56, 51, 50 $\frac{1}{2}$) Striped Denim
7 pcs. (47, 52, 49 $\frac{1}{2}$, 47, 52, 46, 42) Scotch Cheviot

Form 51: Sight draft of Chas. H. Dean & Co., Northampton, dated Dec. 3, drawn on N. P. Pond, City, in favor of your firm, for \$29.32.

Form 52: Check of W. F. Pratt, Utica, dated Dec. 3, drawn on Traders National Bank, in favor of your firm, for \$321.57.

Form 53: Check of Knowlton & Beach, Rome, dated Dec. 3, drawn on Traders National Bank, in favor of your firm, for \$250.

Form 54: Check of J. V. Richardson & Co., Earlville, dated Dec. 3, drawn on Traders National Bank, in favor of your firm, for \$350.

Form 55: Note of Berriman & Co., Syracuse, dated Dec. 1, drawn at 30 days, with interest at 6%, in favor of your firm, for \$421.94.

Form 56: Invoice of Jordan, Marsh & Co., Boston, dated Dec. 4. Terms: 3/10, net 60 days. Items as follows:

25 pcs. (42, 41, 46, 52, 41, 50, 52, 48, 40, 41, 40, 50, 51, 52, 46, 42, 41½, 48, 52, 40, 42, 47½, 48, 49, 51) Barjeon Cashmere

10 pcs. (47½, 50, 52, 61, 62, 48, 53, 57, 49, 54) Amazon Cloth

25 pcs. (47½, 48, 52, 49, 51, 48, 52, 49, 50½, 52, 56, 52, 47, 50, 50½, 49, 52½, 51½, 52½, 56, 52, 56, 49, 42, 41) Black Wool Crêpon

25 pcs. (47½, 49, 51, 48½, 47, 50, 41, 46, 52, 47½, 46, 52½, 56, 40, 41, 43, 46, 44, 48½, 49, 52, 52, 47, 48, 50½) Fancy Wool Cheviot

Form 57: Draft of Traders National Bank, Auburn, dated Dec. 4, drawn on Chemical National Bank, New York, in favor of Henderson & Everett, and transferred by them to your firm by full indorsement, \$805.53, C. E. Denison, Cashier.

Form 58: Sight draft of Eaton & Co., Williamson, dated Dec. 4, drawn on F. M. Everett, City, in favor of your firm, for \$24.17.

Form 59: Check of F. O. Saunders, Sodus, dated Dec. 4, drawn on Traders National Bank, in favor of your firm, for \$279.97.

Form 60: Draft of Traders National Bank, Albany, dated Dec. 4, drawn on Chemical National Bank, New York, in favor of Harlan & Wilson, and transferred by them to your firm by full indorsement, \$786.23, D. O. Morehouse, Cashier.

Form 61: Sight draft of F. R. Stearns & Co., Boston, dated Dec. 4, drawn on your firm, in favor of themselves, for \$500; indorsed by F. R. Stearns & Co. to Commercial Bank, Boston, and by Commercial Bank to Union Bank, City.

Form 62: Invoice of R. W. White & Co., New York, dated Dec. 5. Terms: 3/15, net 60 days. Items as follows:

10 pcs. (47½, 45, 56, 52, 49, 51, 52, 47, 49, 50) Am. Black Dress Silk

10 pcs. (42½, 43, 44, 41½, 46, 47, 49, 52, 44, 43) Bengaline Silk

10 pcs. (42½, 46, 44, 42½, 45, 46, 45, 45, 50, 50) B. E. Camel's Hair

12 pcs. (44, 41, 42, 39, 62, 47, 52, 41, 46, 54, 61, 52½) Feather Ticking

12 pcs. (42½, 47, 43, 45, 52, 57½, 59, 56, 54½, 54½, 50, 48) S. Denim

5 doz. Men's Balbriggan Half Hose

10 pcs. Marquise Lace

Form 63: Draft of Traders National Bank, Lynn, dated Dec. 4, drawn on Chemical National Bank, New York, in favor of Ellis & Farmer, and transferred by them to your firm, for \$683.57, F. O. Simpson, Cashier.

Form 64: Bill of the Citizens Carting Co., City, dated Dec. 6. Terms: cash. Items as follows:

Dec. 1, Cartage, \$3.75;	Freight, \$47.50
" 2, Cartage, 1.50	
" 3, Cartage, 2.50	
" 4, Cartage, 3.00;	Freight, 27.56
" 5, Cartage, 4.00;	Freight, 32.05
" 6, Cartage, 1.00	

Form 65: Check of D. E. Mosher, Tonawanda, dated Dec. 5, drawn on Traders National Bank, in favor of your firm, for \$150.

Form 66: Invoice of Macy, Cooper & Co., New York, dated Dec. 5. Terms: 3/10, net 30 days. Items as follows:

100 gro. Bone Buttons	100 gro. Gilt Buttons
100 gro. Jet Buttons	25 doz. Whalebones

Form 67: Draft of Traders National Bank, Rush, on Chemical National Bank, New York, dated Dec. 4, payable to Gardiner & Sprong, and transferred by them to your firm by full indorsement, for \$1006.53, C. O. Moran, Cashier.

Form 68: Draft of Traders National Bank, Savannah, on Chemical National Bank, New York, dated Dec. 5, payable to Fred S. Goodwin, and transferred by him to your firm, by full indorsement, for \$1110.89, D. D. Sprague, Cashier.

Form 69: Check of Benj. Tracy & Co., City, dated Dec. 6, drawn on Traders National Bank, in favor of your firm, for \$1244.38.

Place the forms in the proper envelope and hand them in.

MONDAY, DEC. 1

Draft in favor of Jordan, Marsh & Co., made payable at the bank and due yesterday (Sunday), has been charged to your account.

Enter in the cash book, check book, and bill book.

The bank also notifies you that the note of Jaggard & Co. has been credited to your account, less 75¢ collection.

Enter in the cash book, check book, and bill book. Have the amount entered in your pass book.

Note in favor of Jones Mfg. Co., due yesterday, has been charged at the bank, \$1260.

The Citizens Carting Co. has just delivered to you the goods ordered of Ogden Mills (Form 40) on the 26th ult.

Received of B. N. Acker, Byron, check (Form 41) for invoice of the 29th ult., less 2%.

Your traveling man, Wm. J. Tenny, has just resumed his work in eastern New York after a vacation of two weeks.

He sends you the following orders to be filled on the regular terms.

1. Order of Harlan & Wilson, Albany, for:

5 pcs. (45 $\frac{1}{4}$, 40, 47, 52, 67) American Black Dress Silk
8 pcs. (47, 52, 61 $\frac{1}{4}$, 49, 63, 49, 59, 61) Black Wool Lansdowne
12 doz. Boys' Heavy Cotton Hose
12 doz. Ladies' Cashmere Hose
9 pcs. Marquise Lace
8 pcs. (49, 52, 54, 52 $\frac{1}{4}$, 57 $\frac{1}{4}$, 56, 49, 61 $\frac{1}{4}$) Percale Shirting
12 doz. spools Thompson Thread
9 doz. Whalebones
3 pcs. (47, 45, 42) Wash Silk

Fill the order. Terms : 2/10, 1/30, net 60 days. The box and goods weigh 420 pounds.

2. Order of W. F. Pratt, Utica, for:

6 pcs. (49, 51 $\frac{1}{4}$, 54, 56, 61, 68) Gunner's Duck
25 pcs. Grosgrain Ribbon
7 gro. Jet Buttons
3 gro. Gilt Buttons
8 pcs. (52, 47, 48 $\frac{1}{4}$, 45 $\frac{1}{4}$, 47 $\frac{1}{4}$, 49, 47 $\frac{1}{4}$, 49 $\frac{1}{4}$) Scotch Cheviot
3 pcs. (47 $\frac{1}{4}$, 49 $\frac{1}{4}$, 50 $\frac{1}{4}$) Simpson Mourning Print

Fill the order. Terms : 2/10, 1/30, net 60 days. The box and goods weigh 320 pounds.

Send Wm. J. Tenny, at Albany, N.Y., a check for \$100 for traveling expenses. In your letter ask him to visit, as soon as possible, Hall, Balliett & Co., Springfield, from whom you received an inquiry this morning relative to your general line of goods. Give him some other general instructions.

NOTE. — The student should bear in mind the important part that business correspondence plays in the affairs of all large mercantile houses of to-day, and try to prepare all these simple letters in a creditable, business-like manner. Excellence in any line can be attained only by painstaking, persistent effort.

SOME THINGS THAT CONTRIBUTE TO A GOOD BUSINESS LETTER

1. Good materials, — stationery, ink, etc.
2. Good mechanical form, — sufficient margins, correct paragraphing, etc.
3. Good English, — short, expressive sentences, correct spelling, capitalization, punctuation, etc.
4. Originality in style.
5. Completeness and fullness in statement.
6. Brevity, — concise, succinct expressions, arranged in such a manner as to give force and strength to the letter.
7. Good tone. In perplexing business letters, especially, the general tone, that something read "between the lines," is of the greatest importance. The qualities to be aimed at in tone are :
 - a. Sincerity.
 - b. Frankness.
 - c. Fairness.
 - d. Firmness.
8. Complimentary closings consistent with salutations.

The business letter is the mouthpiece of the firm back of it, and it should, as far as possible, create a feeling of good will and confidence on the part of all into whose hands it may come.

Receive of Earl & Sampson, Hopewell, a sight draft on Williams, Seamans & Co., City (Form 42), in favor of your firm, for \$29.45, to apply on account.

Treat the draft as cash and place it in the *Business Cash* envelope.

Receive of Jas. B. Stillman, Rochester, a New York draft (Form 43) in full for the invoice of the 27th ult., less 2%. The letter inclosing the draft ordered the following goods :

5 pcs. (45, 47, 52, 51, 47½) American Black Dress Silk
6 pcs. (49, 51, 56, 52, 62½, 67) Amazon Cloth
10 doz. spools Corticelli Silk
2 pcs. (47½, 49) Fancy Plaids

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 225 pounds.

Remit C. O. Bond & Co., Philadelphia, by New York draft (Form 44) balance due on invoice of the 22d ult., less 2%. Buy the draft by check. Bank charges 50¢ for exchange.

Discount at Union Bank the note received from Green & Gregory on Nov. 20, and receive credit for the proceeds.

Consult your teacher if in doubt as to the correct entry.

Deposit the New York draft, the sight draft, and the check on hand.
Collection, 50¢ on the check.

Make out a daily statement. Post. Have your books approved.

TUESDAY, DEC. 2

Write a letter to R. W. White & Co., New York, ordering:

10 pcs. Am. B. D. Silk	12 pcs. Striped Denim
10 pcs. Bengaline Silk	5 doz. Men's B. Half Hose
12 pcs. Feather Ticking	10 pcs. Marquise Lace
10 pcs. Black English Camel's Hair	

Inclose your note at 30 days for \$650, to apply on account.

The following orders, received this morning, are to be filled in the regular way. Terms: 2/10, 1/30, net 60 days.

1. From Knowlton & Beach, Rome, an order for:

10 pcs. (54, 52, 47½, 48, 56, 62, 50, 52½, 57, 59) Bengaline Silk
4 pcs. (42½, 45, 46, 49) Feather Ticking
4 doz. Boys' Heavy Cotton Hose
9 doz. Whalebones
3 pcs. (47½, 49, 56) Striped Denim

The box and goods when packed weigh 320 pounds.

2. From Fred S. Goodwin, Savannah, an order for:

6 pcs. (47½, 49½, 47, 52, 60½, 64) Black English Camel's Hair
12 doz. Men's Kid Gloves
12 doz. Ladies' Kid Gloves
5 pcs. (47½, 49, 51, 43½, 58) American Black Dress Silk

The goods when packed weigh 200 pounds.

Receive of H. A. McDowell & Co., City, their check (Form 45) in payment for the draft on them due to-day, \$150.

Stationery manufactured especially for your firm by Myers, Teeter & Co., Savannah (Form 46), has just been received. Draw at sight on Fred S. Goodwin, Savannah, in favor of Myers, Teeter & Co., for the amount, \$24.43, and remit the draft to the latter firm in settlement of their bill.

Enter in the journal. Charge Expense.

Draft in favor of C. O. Bond & Co., Philadelphia, due to-day, has been charged to your firm's account at the bank.

Remit R. W. White & Co., New York, a certified check in payment for the invoice of Nov. 19, less 3%.

Remit Jordan, Marsh & Co., Boston, a check for \$587.83, in payment for the invoice of Oct. 30.

Receive of Gardiner & Sprong, Rush, a check (Form 47) for the invoice of the 25th ult., less 2%.

Deposit the two checks on hand and \$50 in currency. Collection charged on Gardiner & Sprong's check, $\frac{1}{10}\%$.

Make out a daily statement. Post in the regular way, after which submit your books to your teacher for criticism.

WEDNESDAY, DEC. 3

The Citizens Carting Co. has delivered to your firm the goods ordered of Houghton, Dutton & Co. (Form 48) on Nov. 27.

Traver, Stillman & Co., Penfield, write, ordering:

- 8 pcs. (47 $\frac{1}{2}$, 48, 49, 50, 52 $\frac{1}{2}$, 58, 59, 60) Gunner's Duck
- 10 pcs. Marquise Lace
- 15 pcs. Velvet Ribbon
- 7 pcs. Grosgrain Ribbon
- 5 pcs. (52, 57, 48 $\frac{1}{2}$, 51, 50) Wash Silk
- 7 pcs. (48 $\frac{1}{2}$, 49, 51, 52 $\frac{1}{2}$, 57, 48, 49) Wamsutta Cotton
- 3 pcs. (48 $\frac{1}{2}$, 49, 50) Percale Shirting

These men are entire strangers to you and instruct you to ship by freight, C.O.D., at once, as they are in need of the goods.

Fill the order as they suggest, less 2%. Be sure to make out all the necessary papers. Leave the draft attached to bill of lading at Union Bank for collection.

The box and goods when packed weigh 390 pounds.

Write a letter thanking them for the order and expressing your willingness to open an account with them on your regular terms: 2/10, 1/30, net 60 days. Inclose the bill in the letter, and hand it in as usual.

Fill the following order. Terms: 2/10, 1/30, net 60 days.

Order of Benj. Tracy & Co., City, for:

- 5 pcs. (47 $\frac{1}{2}$, 52 $\frac{1}{2}$, 62, 60, 61) Bengaline Silk
- 7 pcs. (47 $\frac{1}{2}$, 41, 46, 42 $\frac{1}{2}$, 47 $\frac{1}{2}$, 45, 46) Black Wool Crêpon
- 4 pcs. (47 $\frac{1}{2}$, 51, 50, 52) Black Wool Lansdowne
- 3 pcs. (47 $\frac{1}{2}$, 45, 41) Barjeon Cashmere
- 4 doz. Whalebones
- 5 doz. spools Thompson Thread

They inclose with the above order a check (Form 49) in settlement for the invoice of the 28th ult., less 2%.

Note in favor of D. N. Snow & Co., due to-day, has been charged at the bank. Face of note, \$3000; interest accrued, \$15.

Deposit the check on hand.

Make out a daily statement. Post. Submit your books to your teacher for approval.

THURSDAY, DEC. 4

Draw from the bank for office expenses by a cash check, \$150.

You draw one-half month's salary in cash, \$50.

Charge Salary account in the cash book.

Pay Chas. Denman \$4.50 in cash for cleaning the basement.

Pay for sundry repairs about the store \$5.50 in cash.

Pay for letter press and stand \$10 in cash.

Charge Office Fixtures in the cash book.

D. A. Delano, Sodus, writes, asking you to ship him by express, C.O.D.:

15 doz. Ladies' Kid Gloves 15 doz. Men's Kid Gloves

5 doz. Ladies' Cashmere Hose

Fill the order as he suggests, less 2%.

Citizens Carting Co. has delivered the goods ordered of McDowell, Cook & Co. (Form 50) on the 27th ult.

Receive of Chas. H. Dean & Co., Northampton, a sight draft on N. P. Pond, City (Form 51), for \$29.32.

Leave the draft at Union Bank for collection. No entry necessary at this time.

D. O. Mills draws \$50 cash for private use.

Place the currency in the *Personal Cash* envelope. Make an entry in the cash book.

B. E. Valentine, Rose, writes asking you to ship him by express, C.O.D.:

3 pcs. (47½, 41, 45½) Am. Black Dress Silk

3 pcs. (45½, 41½, 40) Wash Silk

15 doz. Boys' Heavy Cotton Hose

5 doz. Ladies' Cashmere Hose

Fill the order as he suggests, less 2%.

Receive of W. F. Pratt, Utica, a check (Form 52) in payment for the invoice of the 1st, less 2%.

Receive of Knowlton & Beach, Rome, a check (Form 53) for \$250, to apply on account.

Receive of J. V. Richardson & Co., Earlville, a check (Form 54) for \$350, to apply on account. The letter inclosing the check ordered:

7 pcs. (47½, 48, 52, 51½, 48, 53, 50½) Am. Black Dress Silk
3 pcs. (49½, 51, 48½) Wamsutta Cotton
3 pcs. (47½, 49, 42) Black Wool Crêpon
6 pcs. (42, 47, 50, 51, 60, 47½) Simpson Mourning Print
5 doz. spools Thompson Thread
3 doz. Whalebones
3 pcs. Marquise Lace
3 pcs. Velvet Ribbon
2 pcs. (47, 49) Striped Denim
2 pcs. (42½, 47) Bengaline Silk

Fill the order. Terms: 2/10, 1/30, net 60 days. The goods are put in two boxes, weighing when packed 200 and 225 pounds respectively.

Your bank informs you that the sight draft on N. P. Pond, City, left for collection, has been paid.

Credit Chas. H. Dean & Co.

Deposit the checks on hand. Collection, \$1.25.

Make out a daily statement. Post the day's transactions. Hand in your books for examination.

FRIDAY, DEC. 5

Receive of Berriman & Co., Syracuse, their note (Form 55) at 30 days, with interest at 6%, in full for invoice of the 24th ult., less 1%. Note is dated Dec. 1.

An inquiry has been received from Nester & Worden, retail dry goods merchants, Geneva, relative to a general line of dry goods. They refer you to several well-known houses, state that they are rated by Dun's and Bradstreet's agencies, and ask you to quote them your best terms.

An investigation of their financial standing by your firm proves conclusively the advisability of your securing these gentlemen as regular patrons, and you write them a courteous letter, thanking them for their inquiry and soliciting a share of their patronage. Call brief attention to your general facilities for doing business, and try to make them feel that it would be to their advantage to enter into business relations with you.

Hand in the letter for criticism before inclosing it in an envelope.

NOTE. — Dun's and Bradstreet's commercial agencies are two large corporations of the United States engaged in the business of collecting information with regard to the financial standing, ability, and credit of persons engaged in business enterprises, and reporting the same to subscribers or to customers applying and paying therefor.

These two agencies have become extensive factors in modern commercial transactions for furnishing information to retail jobbers, wholesale merchants, etc. The prudent business man before selling to a stranger on credit should first inform himself, through these commercial agencies, of the financial standing of the prospective customer.

SUGGESTIONS BEARING UPON LETTERS SOLICITING TRADE

A very fruitful source of new business is the letter soliciting trade; and since no object is of more importance to the business man than that of securing trade, all of these letters should be handled diplomatically. The following points are suggestive of some of the things that should receive consideration in the writing of the general letter soliciting trade.

1. Follow up such inquiries as the foregoing promptly and tactfully.
2. If you are not satisfied with the references given you, be careful how you say so.
3. Avoid all extravagant claims for goods, facilities for doing business, etc. Honesty is necessary in any legitimate business.
4. Do not hesitate to show your unwillingness to fill orders when references, etc., are unsatisfactory. Successful business men will expect you to do business in a methodical way.
5. Use good materials and put out an attractive letter. The letters sent out, in most cases, stamp pretty accurately the kind of a house that is back of them.
6. Show by your letter that you are a solid, wide-awake business man, and not a mere fakir.
7. Do not beg for trade. Coaxing and wheedling will only hinder you in your attempts to secure trade.
8. Be sincere, and make frank, tactful statements with regard to what you have for sale.
9. Be courteous; courtesy is everything in letters of this kind.
10. Be brief. In letters similar to the foregoing, especially, do not say too much. Business men are not apt to appreciate, or even read, long circular letters, etc.

Goods ordered of Jordan, Marsh & Co. on the 28th ult. (Form 56) have just been delivered by the Citizens Carting Co.

You ship Sumner Bros., Union Springs, as per their instructions in a letter received this morning, the following goods by freight, C.O.D.:

- 12 pcs. Black Chantilly Lace
- 4 pcs. (42 $\frac{1}{2}$, 42, 45 $\frac{1}{2}$, 47) Bengaline Silk
- 7 pcs. (42 $\frac{1}{2}$, 47 $\frac{1}{2}$, 51, 50, 52 $\frac{1}{2}$, 53, 54) Cotton Surah Lining
- 3 pcs. (47 $\frac{1}{2}$, 41 $\frac{1}{2}$, 49) Fancy Plaids
- 3 gro. Gilt Buttons
- 10 pcs. (47 $\frac{1}{2}$, 49, 41, 47, 45, 52, 61 $\frac{1}{2}$, 59 $\frac{1}{2}$, 57 $\frac{1}{2}$, 51 $\frac{1}{2}$) Feather Ticking
- 2 gro. Bone Buttons
- 2 doz. spools Corticelli Silk
- 3 pcs. (47 $\frac{1}{2}$, 48, 45) Fine English Serge

You allow them a 2% discount on the bill.

Handle this order in the usual way. Write a letter, quoting terms, etc., and inclosing the bill. Leave the draft attached to bill of lading with Union Bank for collection. The goods are put in two boxes, weighing when packed 200 and 250 pounds respectively.

Henderson & Everett, Auburn, to whom you quoted prices and terms Nov. 17, have just placed the following order with you:

- 3 pcs. ($52\frac{1}{4}$, $53\frac{1}{4}$, 50) American Black Dress Silk
- 2 pcs. (47, 43) Amazon Cloth
- 2 pcs. ($47\frac{1}{4}$, 42) Black English Camel's Hair
- 2 pcs. ($47\frac{1}{4}$, 45) Fancy Wool Cheviot
- 5 doz. Men's Kid Gloves
- 10 doz. pcs. Linen Torchon Lace
- 10 doz. spools Thompson Thread
- 3 pcs. ($52\frac{1}{4}$, 57, 52) Venetian Crape Cloth

They inclose a New York draft (Form 57) in payment for the above bill, less 2%.

Check the account in the cash book and sales book.

You find that the box and goods weigh 190 pounds.

The following orders, received in this morning's mail, are to be filled in the regular way. Terms: 2/10, 1/30, net 60 days.

1. Order of Chas. H. Dean & Co., Northampton, for:

- 10 pcs. Fancy Black Ribbon
- 3 pcs. ($47\frac{1}{4}$, 41, 49) Fancy Gingham
- 5 pcs. Marquise Lace
- 7 pcs. ($47\frac{1}{4}$, 41, 49, 52, $51\frac{1}{4}$, 57, 56) Scotch Cheviot
- 3 pcs. ($47\frac{1}{4}$, 41, 49) Simpson Mourning Print
- 7 gro. Jet Buttons
- 3 pcs. Grosgrain Ribbon
- 5 doz. spools Thompson Thread
- 5 doz. spools Corticelli Silk
- 3 pcs. ($47\frac{1}{4}$, 49, 52) Striped Denim
- 3 doz. Whalebones

The box and goods weigh 250 pounds.

2. Order of Eaton & Co., Williamson, for:

- 7 pcs. ($47\frac{1}{4}$, 41, 40, 43, 45, $47\frac{1}{4}$, 48) Fancy Boucle Stripe
- 3 doz. spools Corticelli Silk
- 4 gro. Bone Buttons
- 10 pcs. ($52\frac{1}{4}$, $47\frac{1}{4}$, 52, 51, $53\frac{1}{4}$, 50, 54, 56, 59, $60\frac{1}{4}$) Fancy Gingham
- 10 pcs. ($52\frac{1}{4}$, $47\frac{1}{4}$, 52, 51, $53\frac{1}{4}$, 50, 49, 56, 58, 59) Cotton Surah Lining
- 7 doz. Ladies' Cashmere Hose
- 7 doz. Boys' Heavy Cotton Hose

These goods are shipped in two boxes, weighing when packed 220 and 210 pounds respectively.

Eaton & Co. inclose a sight draft on F. M. Everett (Form 58), City, for \$24.17, to apply on account.

Enter the draft in the cash book. Place the draft in the *Business Cash* envelope, as you consider it as good as cash.

Receive of F. O. Saunders, Sodus, check (Form 59) in payment for the invoice of the 29th ult., less 2%.

Remit Houghton, Dutton & Co., by check, in full for the invoice of the 1st, less 2%.

Your firm wishes to engage the services of a competent and experienced stenographer, and Mr. Morley has asked you to prepare an advertisement to be inserted in the *Daily Morning Transcript*.

Write the advertisement, stating the qualifications, etc., desirable in a candidate for the position.

Pay for the advertisement in cash, 50¢.

Receive of Harlan & Wilson, Albany, a New York draft (Form 60) in payment for the invoice of the 1st, less 2%. In their letter they order:

25 doz. Men's Kid Gloves 25 doz. Ladies' Kid Gloves

Fill the order. Terms: 2/10, 1/30, net 60 days.

Remit Ogden Mills check for invoice of Nov. 29, less 2%.

Pay a sight draft of F. R. Stearns & Co., Boston (Form 61), on your firm, in favor of themselves, for \$500, by check.

Write the check in favor of your bankers, who present the draft for collection.

Deposit the two New York drafts, the check, and the sight draft on hand. Collection on check, $\frac{1}{10}\%$.

Make out a daily statement. Post the day's business and submit your books to your teacher for examination and approval.

SATURDAY, DEC. 6

The balance due on the account of Baker, Shaw & Co., Clifton Springs, is over sixty days past due. At maturity of their bills a statement of account was sent them. No attention was paid to this, and on Nov. 1 A. J. Morley wrote them a mild dunning letter, calling attention to their overdue balance and urging a prompt settlement. Nov. 8 a letter was received from them, stating their inability to pay then, but making a definite promise to settle in full by Nov. 25. No word has been received from them since. At Mr. Morley's suggestion you write a letter, asking

for an immediate settlement of the account. The points that have some weight with you as you write are:

1. The firm has the ability to pay its debts, you think.
2. You want to continue to do business with them.
3. You must have a settlement at once.

SUGGESTIONS BEARING UPON DUNNING LETTERS

1. Promptness and accuracy in the matter of sending statements and other reminders of overdue accounts are of the greatest importance in securing prompt settlements.

2. When no attention is paid to statements of account, dunning letters generally follow. How soon such letters should follow depends upon the circumstances of the case.

3. The tone of a dunning letter should be governed by existing conditions. No dunning letter should

- a. Lack in courtesy.
- b. Contain accusations of any sort.
- c. Show that the temper of the writer is overwrought.
- d. Be impolite or contain any ungentlemanly expressions. The writer of these letters who shows his self-control and genuine fairness is the man who is likely to win his case.
- e. Contain threats or any statements that the writer does not mean to carry out.
- f. Intimate court proceedings unless that seems to be the last resort.

4. Dunning letters should

- a. Aim to make the tone of the appeal consistent with the facts of the case. For instance, the first of a series of dunning letters should be entirely different in tone from the third.
- b. Be brief and to the point.
- c. As far as possible show that the writer has confidence in his debtor and expects a prompt payment.
- d. Make proper reference to the amount of the account.
- e. Be firm in tone and indicate that the writer means all that he says.
- f. Be fair and, as far as consistent with good business management, lenient.
- g. Be written in the implied rather than the imperative method of statement.

Goods ordered of R. W. White & Co., New York (Form 62), on the 2d have just been delivered by the Citizens Carting Co.

Ellis & Farmer, Lynn, write inclosing a New York draft (Form 63) in settlement for the following goods, which they wish sent at once.

- 7 pcs. (57, 52, 51, 52, 50, 52 $\frac{1}{4}$, 52) Fancy Gingham
- 7 pcs. (47, 49, 50, 42, 44, 53, 48) Fine English Serge
- 8 pcs. (47, 48, 47, 42, 46, 42 $\frac{1}{4}$, 43 $\frac{3}{4}$, 42) Fancy Plaids
- 5 doz. spools Corticelli Silk

Fill the order. Terms: cash, less 2%. The box and goods weigh 420 pounds.

Discount at Union Bank the note received of Berrieman & Co. on the 5th, and receive credit for the proceeds.

Remember that the note bears interest.

Your bank informs you that the sight draft attached to bill of lading on the 3d has been collected; collection, $\frac{1}{10}\%$ of draft. Also that the note of S. C. Williams, left for collection Nov. 18, has been paid, and that the amount, less \$1 for collection, has been placed to your credit.

Pay by check bill of Citizens Carting Co. (Form 64), \$122.86.

D. E. Mosher, Tonawanda, writes, ordering:

- 3 doz. Boys' Heavy Cotton Hose
- 2 pcs. (47, 50) Cotton Surah Lining
- 5 pcs. Marquise Lace
- 3 pcs. (47 $\frac{1}{2}$, 45, 41) Venetian Crape Cloth
- 5 pcs. Velvet Ribbon
- 3 pcs. (42, 47, 45) Wamsutta Cotton
- 3 doz. Whalebones
- 2 doz. Ladies' Kid Gloves

Fill the order. Terms: 2/10, 1/30, net 60 days. You find that the box and goods weigh 140 pounds.

In the above letter was a check (Form 65) for \$150, to apply on account.

Goods ordered of Macy, Cooper & Co., New York (Form 66), on Nov. 16, to be delivered not later than Dec. 10, have just been received.

Remit Jordan, Marsh & Co., Boston, a check in payment for the invoice of the 4th, less 3%.

Receive the following remittances on account:

1. Of Gardiner & Sprong, a New York draft (Form 67) in full of account, less 1%.
2. Of Fred S. Goodwin, Savannah, a New York draft (Form 68) in payment for the invoice of the 2d, less 2%.
3. Of Benj. Tracy & Co., City, a check (Form 69) in payment for the invoice of the 3d, less 2%.

Draw from the bank for office expenses \$50, by a cash check.

Pay salaries for week in cash, \$135.

Deposit the two checks, the three New York drafts, and all the currency on hand. No collection charged.

Make out a daily statement. Post the day's transactions in the regular way.

CLOSING THE WORK FOR DECEMBER

1. Make a journal entry to adjust the interest on the proprietors' accounts. (See explanation, page 197.) Take into consideration the following:

a. Interest was last adjusted Nov. 15.

b. Morley's share of the capital stock is \$20,000; Mills's share, \$18,750; these sums draw interest from Nov. 15 to date. (Count the exact number of days.)

c. The credit of Morley's private account draws interest from Nov. 15 to date, as does also the credit of Mills's private account.

d. The withdrawals on each personal account are charged interest from the date of such withdrawals to Dec. 6.

e. According to the articles of agreement, the gains and losses are to be divided equally.

Have the entry for the above adjustment of interest approved by your teacher before you copy it into your books.

2. Post the above entry. Rule and foot the journal and make the proper entry for the total. Post the entry to the general ledger.

3. Balance the cash book and post the items in the summary of the same.

4. Rule and foot the sales book and make the proper entry for the total. Post the entry to the general ledger.

5. Rule and foot the invoice book and make the proper entry for the total. Post the entry to the general ledger.

6. Prove the bill book.

7. Make an abstract of the sales ledger and have it approved.

8. Make an abstract of the purchase ledger and have it approved.

9. Make a trial balance from the general ledger and have it approved.

To THE STUDENT. — If the trial balance and abstracts do not prove, look for the errors systematically. Never verify portions of the work at random and expect to locate the discrepancies. Be sure that errors actually exist before you begin to look for them. Revise the additions of the trial balance and abstracts before looking for the error in the ledger or other books. Find the exact amount of the discrepancy and see if the sum is not some footing which has been improperly forwarded or posted. Errors of one figure are usually mistakes in addition. Verify the additions of the ledgers and the various books from which totals are posted. If dollars have been written as cents or *vice versa*, dividing the difference by 9, 99, or 999, respectively, will locate a figure which has been misplaced one, two, or three orders to the right or left.

10. Copy the inventories in the journal in the usual way. The following is a statement of everything inventoried at this time:

INVENTORIES, DEC. 6, 19—

Merchandise :

Per schedule on file	\$22569.44
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Office Fixtures :

Cost	\$1885.
Depreciation	<u>188.50</u>
	\$1696.50

Expense (Resource) :

Stationery, etc.	\$18.
Coal	<u>9.50</u>
	\$27.50

Expense (Liability) :

Due for telephone service	\$12.50
---------------------------	---------

Real Estate (Resource) :

Cost	\$10620.
Increase in value	<u>380.</u>
	\$11000.

Real Estate (Liability) :

Unpaid taxes on property	\$125.
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Insurance :

Unearned premium	\$126.50
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11. Make a statement of losses and gains and have it approved.

12. Make a statement of resources and liabilities and have it approved.

13. Close the general ledger accounts. Carry each partner's share of the net gain or net loss to the proprietors' private accounts. The proprietors' private accounts should always be closed by *Balance*. The firm account contains but one item in this instance, and so need not be closed.

14. Draw a check in favor of your teacher for the amount to the credit of your firm at Union Bank. Have your pass book written up.

15. Hand in all your books to your teacher for criticism.

HOW TEMPORARY OVERDRAFTS ARE TREATED

1. The amount of the overdraft should be indicated in red ink in the check book.
2. If there is no cash in safe, the amount of the overdraft should equal the excess of cash credits over cash debits in the cash book.
3. If there is cash in safe, the difference between the overdraft and the amount in safe should equal the balance shown in the cash book.

GENERAL REVIEW QUESTIONS

1. What new features were introduced in the cash book for this set? 2. Explain the advantage of the special columns used in the journal. 3. Under what circumstances would it be advisable to open special columns for different departments of merchandise in the sales book? If these special columns were opened in the sales book, what necessary changes would be made in the invoice book? 4. What is a power of attorney? When must it be drawn up under seal? 5. Briefly outline what should be done by an accountant on assuming charge of a set of books. 6. Give an example of a personal account, showing a loss; a gain. 7. Under what circumstances should a suspense account be opened? 8. To which of the two general classes of accounts does the suspense account belong? May it belong to either class? Fully explain. 9. What is meant by protest as applied to negotiable paper? When is it necessary? 10. State briefly the process of making a protest. 11. What is the general value of a protest? 12. What is a notice of protest? What items of information must it always give? Who serves such a notice? 13. Briefly outline some of the things that contribute to a good business letter. 14. State some of the essentials of a good letter soliciting trade. 15. State some of the things that should never be incorporated in a dunning letter. 16. State some of the things that help to make a strong dunning letter. 17. Explain how the personal accounts with partners are usually closed. 18. To which of the two general classes of accounts do each of the following belong? (a) The proprietors' private accounts; (b) the investment account or accounts of a business; (c) C.O.D. accounts. 19. Give an example of a cash account showing a liability.¹ 20. Give an example of a cash account showing a loss. 21. Name the two principal mercantile agencies of the United States. What is their principal business?

¹ In case of an overdraft in a bank balance, the cash account would show a liability. Overdrafts are not of very frequent occurrence in actual business, and when they do occur they are but temporary balances which are generally made good as soon as they are discovered.

PART III—ADVANCED WORK

SET VIII—SINGLE ENTRY

Object.— This set is designed to illustrate in a simple and practical way the uses of that method of accounting known as **single entry**. As the student is already familiar with **double entry**, a comparison of the two methods will help him to understand single entry accounting.

Single and Double Entry compared.— Single and double entry may be compared as follows:

The books used are nearly the same for either method. The **sales book**, the **purchase book**, the **journal**, the **cash book**, the **bill book**, and the **ledger** are the same in form. The general principles employed are identical.

The **statement of resources and liabilities** is the same.

The general results of a business are shown by either method.

Single and Double Entry contrasted.— Single and double entry may be contrasted as follows:

In double entry the journal has both a debit and a credit record for each transaction; in single entry the journal has only a debit or a credit record for each transaction. (See model journal, page 246.)

In double entry *all* items in the cash book are posted; in single entry only the items recorded in the *first* column in the cash book are posted. (See model cash book, pages 246 and 247.)

In a single entry ledger only personal accounts are kept, and this is the marked difference between the single entry ledger and the double entry ledger.

An itemized statement of losses and gains cannot be made from a single entry ledger, as loss and gain accounts are not recorded.

In double entry the separate sources of loss and gain are clearly set forth, while single entry shows only total results and furnishes no detailed information regarding the channels through which these results were obtained.

A double entry ledger is in balance; a trial balance cannot be taken from a single entry ledger.

The *form* of entry rather than the information given distinguishes single entry from double entry.

Single entry may be used to advantage in any small business, or where the business deals in few articles of purchase and sale, or where a classification of accounts relating to losses and gains is not wanted.

If books are strictly single entry, only accounts with persons are kept in the ledger; if any other accounts appear in the ledger, the method is not strictly single entry.

As the student is familiar with the various books of record, few explanations will be given in this set. No business forms are used.

Books used. — The books used are the cash book, journal, sales book, purchase book, and bill book.

Cash Receipts

Jan. 1	✓	D. H. Boone	Investment			2500	
3	✓	Mdse.	Cash sale			64	
4	2	A. D. Brown	On account	132	64		
10	✓	Bills Rec.	S. Coe's note			275	
10	✓	Interest	On above			6	40
20	4	C. C. Willis	On account	38	50		
20	✓	Discount	On our note			2	35
31	✓	Personal accts.	Total	171	14	171	14
						3018	89

Model Journal

Jan. 1, 19—

	I, D. H. Boone, have this day commenced business with the following resources:		
1	D. H. Boone	Cr.	4800
✓	Cash	On hand	2500
✓	Real Estate	Store and lot	2000
✓	Bills Rec.	Per bill book	300
	5		
2	A. S. Barnes	Cr.	250
	Received his note at 30 days, to apply on account		
	7		
3	Benjamin Harmon	Dr.	300
	Gave my note at 60 days, with interest, in full of account		

Cash Book. — In the explanatory part of the text, at the beginning of this set, it was noted that the cash book is nearly the same in single entry as in double entry. The accompanying outline is easily understood. All items that are to be posted are placed in the first money column. *In single entry only personal items are posted.*

Journal. — The accompanying form is the outline for a single entry journal. As the student is now familiar with the principles of debit and credit this form will be readily understood. Just at the left of the first money column it is necessary to write either *Dr.* or *Cr.* as a means of determining how the item is to be posted. As

Cash Payments

Jan. 2	✓	Expense	Rent of store			100	
5	✓	Bills Pay.	Note, favor N. Cass			360	
6	7	Amos Lees	On account	287	50		
9	✓	Expense	Office stationery			12	50
20	✓	Bills Pay.	Note, favor J. Reed			260	
24	5	D. J. Bailey	In full of account	175			
31	✓	Personal accts.	Total	462	50	462	50
31		Balance	On hand			1823	89
<hr/>						3018	89

only personal items are posted in single entry, only names of persons appear in the journal.

NOTE. — It is better for students to have an understanding of debit and credit before taking up single entry. Such knowledge is best acquired by first studying double entry.

MEMORANDA OF TRANSACTIONS

Directions and Suggestions. — Observe the following directions and suggestions :

1. In this set David Easton is the proprietor.
2. No business forms will be used.
3. No days of grace are allowed on any notes.
4. The business is to deal in general merchandise.
5. The month of January will be used for this set.
6. The student will act as bookkeeper and manager for David Easton.
7. Enter all transactions according to directions.

1. The following are the resources at the beginning of the business :

Cash on hand	\$2000 .
Store and Lot, valued at	4000
Geo. Wilson's note, dated Dec. 10, at 60 days	500

Enter the above in the journal. (See model journal, page 246.)

Enter the cash in the cash book, second column. Record the note in the bill book.

2. Buy of W. R. Story for cash, 40 bbls. pork at \$14.

Enter in the cash book, second column.

2. Pay rent of the store in cash, \$50.

3. Buy of James Selden on account, 50 bbls. beef at \$17 ; 60 bbls. salt at \$1.50.

Enter in the purchase book.

4. Sell Edward White for cash, 20 bbls. pork at \$16.

Enter in the cash book, second column.

5. Sell John Harrison on account, 20 bbls. beef at \$18.50 ; 10 bbls. salt at \$1.60.

Enter in the sales book.

5. Buy office stationery for cash, \$12.25.

6. Pay James Selden cash for one-half of the invoice of the 3d.

Enter in the cash book, first column.

7. Sell Jesse Blaine on account, 10 bbls. pork at \$16.50 ; 10 bbls. beef at \$19 ; 10 bbls. salt at \$1.62.

8. Buy of William Edison on account, 25 bbls. pork at \$13.50 ; 30 bbls. beef at \$16.50.

9. Discount Geo. Wilson's note and receive cash for the proceeds.

The term of discount is the time the note has yet to run. Enter the face of the note on one side of the cash book and the discount on the other side, each item in the second column.

10. Sell E. C. Bartlett on account, 6 bbls. pork at \$15 ; 10 bbls. beef at \$18.25.

11. Sell Howard Stetson on account, 12 bbls. beef at \$18.75 ; 15 bbls. salt at \$1.65.

12. Give James Selden a note at 10 days, with interest, for the balance of the invoice of the 3d.

12. Buy a safe for office use for cash, \$85.

13. Sell Henry White, one-half cash, balance on account, 12 bbls. pork at \$16.25 ; 20 bbls. salt at \$1.70.

Enter the whole amount in the sales book, and then enter the cash received in the cash book, first column.

14. Buy of Samuel Jones, one-half cash, balance on account, 50 bbls. beef at \$16.50 ; 100 bbls. salt at \$1.48.

Enter the whole amount in the purchase book, and then enter the cash paid in the cash book, first column.

15. Buy of H. C. Benton on account, 60 bbls. pork at \$14.75.

15. Receive John Harrison's note at 10 days, with interest, for \$300, to apply on the invoice of the 5th.

Enter in the journal. (See model journal, page 246.) Record in the bill book.

16. Receive of Jesse Blaine \$250 in cash, to apply on the invoice of the 7th.

17. Sell P. H. Williams on account, 25 bbls. pork at \$16.75.

17. Give William Edison a note at 15 days, with interest, for \$500, and cash for the balance of the invoice of the 8th.

Enter the note in the journal and record in the bill book.

Enter the cash in the cash book, first column.

18. Sell W. B. Emerson on account, 25 bbls. beef at \$18.75 ; 20 bbls. salt at \$1.70.

18. Buy of Williamson & Son on account, 40 bbls. flour at \$5.25.

19. Receive of Jesse Blaine cash for balance of the invoice of the 7th.

19. Receive E. C. Bartlett's note at 15 days for \$200, and cash for the balance of the invoice of the 10th.

20. Sell D. V. Negley on account, 15 bbls. flour at \$6.50.

20. Receive cash of Howard Stetson for the invoice of the 11th.

21. Sell Thomas Fleming on account, 12 bbls. pork at \$16.90 ; 15 bbls. beef at \$19.

21. Sell Warren Phelps, one-half cash, balance on account, 20 bbls. pork at \$16.80 ; 18 bbls. beef at \$18.80 ; 30 bbls. salt at \$1.65.

22. Pay a note due to-day, with interest, in favor of James Selden.

Enter both the note and the interest in the cash book, second column, and mark the note paid in the bill book.

23. Sell Jesse Blaine on account, 12 bbls. beef at \$18.75 ; 15 bbls. flour at \$6.50.

23. Give the proprietor a check for private use, \$150.

Enter in the cash book, first column.

24. Buy of William Edison on account, 35 bbls. pork at \$14.25.

24. Give H. C. Benton cash to apply on account, \$625.

24. Receive cash of P. H. Williams, on account, \$325.

25. Buy of James Selden on account, 40 bbls. beef at \$16.75.

25. Receive cash of D. V. Negley for the invoice sold him on the 20th.

25. Pay Williamson & Son cash for the invoice of the 18th.
25. John Harrison pays his note and interest, due to-day.
26. Receive Warren Phelps's note at 10 days, with interest, for the balance of the invoice of the 21st.
26. Sell John Harrison on account, 12 bbls. pork at \$16.
26. Sell E. C. Bartlett on account, 20 bbls. beef at \$18.
27. Buy of Williamson & Son on account, 25 bbls. flour at \$5.40.
27. Sell Howard Stetson on account, 10 bbls. flour, at \$6.50 ; 10 bbls. salt at \$1.68.
27. Receive cash of W. B. Emerson, on the invoice of the 18th, \$400.
28. Thomas Fleming pays cash, to apply on account, \$250.
28. Sell D. V. Negley on account, 10 bbls. pork at \$16.20.
29. Sell Warren Phelps on account, 12 bbls. beef at \$18.25.
30. Pay advertising bill for the month in cash, \$19.65.
31. Pay clerk's salary for the month in cash, \$32.50.

INVENTORIES, JAN. 31, 19—

Merchandise :

33 bbls. Pork	\$14.
16 bbls. Beef	16.75
45 bbls. Salt	1.50
25 bbls. Flour	5.20

Expense :

Office Safe at cost	\$85.
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Real Estate :

Store and Lot	\$4000.
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CLOSING THE WORK FOR SINGLE ENTRY

After recording all transactions, have the same corrected by your teacher. Close the cash book. (See model, pages 246 and 247.)

Posting. — In posting observe the following:

1. Place three accounts on each page of the ledger.
2. The proprietor's account should be placed first.
3. Open an account with each party whose name appears in the sales book or purchase book.
4. Debit each party whose name appears in the sales book.
5. Credit each party whose name appears in the purchase book.

6. Post from the journal. The debit or credit of each item in the journal is indicated.
7. Post from the cash book. Each item in the first column on the left side of the cash book should be posted as a credit; each item in the first column of the cash book on the right side should be posted as a debit.
8. The above completes the posting.

NOTE. — Posting directly from the sales book, cash book, and purchase book is a modification of the older methods in single entry, but the plan here suggested saves much time both in recording and posting transactions.

The Statement. — Make a statement as follows:

1. The total of the balances of all the accounts in the ledger in which the debit is the larger represents *accounts receivable*.
2. The total of the balances of all the accounts, the proprietor's account excepted, in which the credit is the larger represents *accounts payable*.
3. The *unpaid notes* in the bill book are to be used in making the statement.

Resources:

Accounts Receivable, per ledger.
 Real Estate, per inventory.
 Expense, per inventory.
 Merchandise, per inventory.
 Bills Receivable, per bill book.
 Cash, per cash book.

Liabilities:

Accounts Payable, per ledger.
 Bills Payable, per bill book.

The present worth equals the difference between the resources and the liabilities.

The present worth minus the net credit equals the net gain.

Enter the net gain in the journal as follows:

David Easton	<i>Cr.</i>
Net gain, per statement.	

Post the net gain to the proprietor's account and show the present worth as in double entry.

Changing to Double Entry. — Change to double entry as follows:

1. *Debit* each of the following accounts in the ledger with the amount appearing on the statement:

Real Estate	Expense
Merchandise	Bills Receivable

2. *Credit* Bills Payable with the amount appearing on the statement.
3. Make a trial balance from your ledger (use the cash balance from the cash book), and the books are changed to double entry.

NOTE. — Some accountants prefer to journalize the items which enter into the change of single entry to double entry. Various entries may be made to bring about the desired effect, but a record similar to the following is generally preferred, since by it *all* the resources and liabilities of the business are shown in form convenient for transferring to the ledger.

January 31, 19—

✓	Accounts Receivable	Per ledger	2310	
5	Real Estate	Per inventory	4000	
3	Expense	Per inventory	50	
2	Mdse.	Per inventory	920	
3	Bills Receivable	Per bill book	428	
C. B.	Cash	Per cash book	1650	
3	To Bills Payable	Per bill book		365
✓	Accounts Payable	Per ledger		2680
✓	C. D. Lewis, Prop.	Per ledger		6433

The items that are already in the ledger are marked ✓ so that they will not be posted. After the above entry has been posted the accounts of the business are in double entry form.

A **Double Entry** set of books may be changed to single entry by opening a new ledger, transferring thereto only personal accounts.

The Use of Other Sets for Single Entry. — If the teacher thinks it desirable to have additional work in single entry, it is suggested that any set in the Introductory or the Intermediate portion of the text-book may be written in single entry.

CORPORATIONS AND KINDRED ORGANIZATIONS

COMBINATIONS OF CAPITAL

Commercial interests of the present day require such large investments as to make combinations of capital a necessity. Neither the individual nor the ordinary partnership can command sufficient funds to carry on the manufacturing or transportation enterprises of to-day. The result is that corporations and kindred organizations have been formed generally throughout the country.

The Partnership. — A partnership ordinarily represents but a limited amount of capital, is formed by agreement, and may be dissolved by the action of any one partner. Each partner, except in the case of a limited partnership, is also liable for all of the debts of the business.

The Joint-Stock Company. — A joint-stock company is in reality a partnership, the affairs of the business being conducted by officers chosen by the stockholders. A larger number of investors may associate themselves under a joint-stock company agreement than can work together effectually as partners, and the action of one stockholder cannot dissolve a joint-stock company. In general the liability of the stockholders is the same as that of partners in a copartnership.

NOTE. — The statutes of most of the states provide for limited joint-stock companies, thereby limiting each stockholder's liability to the amount of stock owned. A limited joint-stock company may be known by the manner in which its name is written or printed; for instance, Walter Baker Company, Limited.

The Corporation. — A corporation is said to be an artificial person. It is composed of a number of persons but is endowed with the power to act as one individual. It is ordinarily organized under a general statute of any given state, but it may be organized under a special charter granted by the legislature. The liability of each stockholder is generally limited to the amount of stock owned. A corporation affords an opportunity for many persons of small means to unite in carrying on large enterprises under efficient management.

The Trust. — Joint-stock companies and corporations are often merged into larger combinations of capital known as *trusts*, the object being to secure greater increase of capital, to lessen competition, expenses, cost of production, and to control more effectually market prices.

ORGANIZATION OF CORPORATIONS

Some details of the organization of corporations will be of interest to the student. The laws of the various states are very different regarding the organization of corporations. Persons who desire to form a corporation should employ an attorney to conduct every step in organizing, thus insuring a compliance with the requirements of the statute of the state under whose laws the corporation is organized.

How formed. — The following statements apply to the formation of corporations in the Commonwealth of Massachusetts:

1. The Commissioner of Corporations is the state official who considers applications for incorporation.

2. For the purpose of manufacturing (with a few exceptions made by the statute), three or more persons may form a corporation, with a capital of not less than five thousand (5000) dollars.

3. An *Agreement of Association* must be submitted by the incorporators, in writing, to the Commissioner of Corporations, setting forth the following:

- a. Their intention of forming a corporation.
- b. The corporate name assumed.
- c. The purpose for which the corporation is formed.
- d. The city or town in the Commonwealth where it is to be established or located.
- e. The amount of the capital stock.
- f. The par value and the number of shares of capital stock.

4. The certificate of incorporation issued by the secretary of the Commonwealth states the facts set forth in the *Agreement of Association* and empowers the corporation to do business.

Fees. — Certain fees are required by the Commonwealth for filing and recording certificates.

Powers. — The powers of corporations may be stated as follows:

1. To have succession.
2. To sue or to be sued under its corporate name.
3. To use a common seal.
4. To purchase, hold, and convey lands and chattels.
5. To elect officers and appoint agents.
6. To make by-laws.

Board of Directors. — After incorporation a meeting of the subscribers is held to determine the number of directors and to elect the same. In

the election of the board of directors each stockholder is entitled to as many votes as he owns shares of stock.

Officers and Management. — After the directors are chosen they elect from their number the necessary officers, except clerk and treasurer, who are elected by the stockholders. The by-laws must be adopted by the board of directors and submitted to the Commissioner of Corporations. The general management of a corporation is entirely in the hands of the board of directors.

Capital Stock. — The capital stock of a corporation is the amount authorized by the charter, and represents the combined invested interests of all the stockholders.

Classes of Stock. — The varying conditions and limitations under which stock is issued to the stockholders of a corporation give rise in many states to several distinct classes of stock, among the more important of which are common stock, preferred stock, and treasury stock.

Common Stock is that stock which is ordinarily issued to the incorporators upon the payment of their subscriptions.

Preferred Stock is that stock upon which dividends are paid out of the accrued profits before any allowance is made for dividends on common stock.

Treasury Stock is that stock not disposed of at the time of commencing business. This stock may be unsubscribed stock, or stock purchased from, or forfeited or donated by, the stockholders.

NOTE. — Sometimes the number of shares of stock of a corporation is increased without a corresponding increase of the property owned. This act is known as *watering stock*. Stock is sometimes *watered* in the reorganization of a railroad or the consolidation of different railway lines by fictitiously increasing the value of the franchise or property. To *water stock* is always deceptive if not dishonest and is never, therefore, justifiable. If the capital stock of a concern is not commensurate with the demands of the enterprise, it can be increased in a legitimate manner.

The term *watered stock* is said to be derived from the action of some farmers in giving their live stock a plentiful supply of water just before weighing them for market, as a means of increasing their weight.

Payment of Capital Stock. — In Massachusetts the law requires that all the capital stock must be paid in in cash before the corporation can commence business. Real estate and other property may be used in payment for shares of stock, but only under the most exacting conditions.

Certificates of Stock. — As soon as a subscription is paid a certificate is issued to the subscriber. Certificates of stock may be transferred

by a stockholder, by an instrument in writing signed by him, which shall be recorded by the clerk in a book to be kept for that purpose.

Liabilities of Stockholders. — The liability of stockholders for the debts of a corporation differs widely under varying conditions. Ordinarily a stockholder is liable for a sum equal to the par value of the stock that stands in his name.

Reports. — Every corporation is required to file an annual report with the secretary of the Commonwealth setting forth the following:

1. The date of the meeting when the report was adopted.
2. The amount of the capital stock.
3. The amount paid in.
4. The name of each stockholder and the number of shares standing in his name.
5. The assets and liabilities of the corporation.

The above certificate must be signed by the president and treasurer, and at least a majority of the directors. This report is required to be made under oath.

Dividends. — A dividend is a pro rata division of the profits, or some portion thereof, among the stockholders of a corporation.

Franchise is a particular privilege granted by a government to a corporation. The right to use the streets of a city for car lines, lighting appliances, water mains, etc., is an illustration of a franchise commonly granted.

AUXILIARY BOOKS PECULIAR TO CORPORATIONS

The principal books of record in a corporation do not differ materially from those used in any other business. Several special books, however, are necessary to facilitate the issue and transfer of stock. Among these are the following.

Minute Book. — This book contains a record of all the meetings of the stockholders or the board of directors, and is usually kept by the secretary of the corporation.

Installment Scrip Book. — This is a book of blank receipts to be filled out and signed by the secretary and treasurer as the installments are paid. Upon payment of the last installment the scrip is exchanged for certificates of stock.

Stock Transfer Book. — This book is used to record the transfer of stock and contains the permanent records, which are finally posted to the stock ledger.

Form of Stock Transfer Book

No. of Certificates canceled	Shares canceled	Ledger Folio	TRANSFERRED BY	For Value Received, I do hereby assign and transfer to
2	10	2	E. M. Williams	A. C. Webb
12	10	3	A. C. Webb	Ten Shares of the Capital Stock of The Union Chip Co., Springfield, Mass. Witness my hand and seal, this 4th day of June, 1906
				Sealed and delivered in the presence of E. M. Williams, [L. S.] J. W. Turner.

Subscription Book. — This book contains the date of record, the names and addresses of subscribers, the number of shares, and the amount subscribed for by each stockholder.

Form of Subscription Book

DATE	NAME OF STOCKHOLDER	ADDRESS	NO. OF SHARES	AMOUNT
Feb. 1	J. W. Melton	Springfield, Mass.	50	5000
1	E. M. Williams	" "	50	5000
1	Geo. Inman	" "	50	5000
1	A. P. Zaner	" "	50	5000
1	L. H. Messler	" "	50	5000
				25000

Note. — If subscriptions are paid in installments, the subscription and installment records are usually combined in one book, an extra column being provided for the installment records.

Dividend Book. — This book contains information furnished by the financial statements of the business and shows the names of the stockholders, the number of shares of stock with par value of each, the amount of dividend due each stockholder, and the date on which such dividend was paid. The stockholder is required to receipt for all dividends received, usually in the dividend book.

Form of Dividend Book*1st Semiannual Dividend, Aug. 1, 1906, 3%*

STOCKHOLDER	CERTIFI-CATE NO.	NUMBER OF SHARES	AMOUNT OF DIVIDEND	WHEN PAID	SIGNATURE FOR PAYMENT
J. W. Melton	1	50	150	Aug. 5	J. W. Melton
E. M. Williams	2	50	150	5	E. M. Williams
Geo. Inman	3	50	150	5	Geo. Inman
A. P. Zaner	4	50	150	5	A. P. Zaner
L. H. Messler	5	50	150	5	L. H. Messler

Stock Certificate Book.— This book contains blank certificates, with stubs, to be filled out and signed, usually by the president and secretary of the corporation. For convenience these certificates are numbered consecutively. The stockholder signs the stub as a receipt when the certificates are issued to him.

A bill of sale in blank is always printed on the back of the certificate to facilitate the sale and transfer of stock.

Stock Ledger.— This book contains an account with capital stock, debited at par value, and with each stockholder, credited for the amount of his stock at par value. When stock is sold the seller is debited and the buyer credited, thus preserving the equality of the ledger. The stock ledger is in form similar to the ordinary ledger, is purely a private book, and is referred to in making business statements.

EXERCISES ILLUSTRATING THE OPENING ENTRIES IN CORPORATION ACCOUNTING

Exercise 1.— A corporation has been formed with a capital stock of \$75,000. This sum has been fully paid in in cash. Required the necessary entry.

The following entry should be made on the left side of the cash book:

Jan. 1	Capital Stock	Paid in Capital	75000	
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NOTE.— If it is desired to show the subscription account in the ledger, two entries should be made for the above transaction, as follows:

1. *Subscription, To Capital Stock*, in the journal, for the investment decided upon.
2. *Cash, To Subscription*, in the cash book, for the capital stock paid in.

Certificate

No. 5

For ~~sixty~~ Shares

Issued to

L. H. Meader

Dated Feb. 1, 19

From whom transferred

Dated 19

No. Original
Certificate

No. of Shares
Transferred

Witnessed Whereof, We duly authorized officers of this Corporation have
hereunto subscribed their names and affixed the corporate Seal to this certificate
the First day of February AD
1850 Money when tendered up to Certificate.

The Union Whip Company

CAPITAL STOCK \$25,000

FULL PAID AND NON-ASSESSABLE

MASSACHUSETTS

50 SHARES

THIS FILED THAT L. H. Meader

is the owner of

shares of Capital Stock of the

Union Whip Company

shares of Capital Stock of the

Union Whip Company

Received Certificate No. 5
for ~~sixty~~ Shares
this first day of Feb., 19

L. H. Meader

**SHARES \$100.
EACH**

J. W. Melton
Treasurer
George A. Inman
President

*Subscribed and signed by the above-named persons and witnessed by the undersigned
the First day of February AD
1850 Money when tendered up to Certificate.*

Exercise 2. — A corporation has been formed with a capital stock of \$150,000. Of this sum \$125,000 has been subscribed for and fully paid in; the balance is to be disposed of as treasury stock. Required the necessary entries.

The first entry should appear in the journal.

	Treasury Stock	Capital stock this day	25000		
	Subscription	subscribed for and	125000		
	To Capital Stock	unsold		150000	

The second entry should appear on the left side of the cash book.

Jan. 1	Subscription	Subscribed capital	125000		
		stock paid			

Exercise 3. — A corporation has been formed with a capital stock of \$100,000: \$75,000 has been subscribed for; of this sum \$50,000 has been paid for in cash; the balance, \$25,000, is to be paid for in five equal monthly installments. The balance of the capital stock is to be disposed of as treasury stock. Required the necessary entries.

The first entry should appear in the journal.

	Treasury Stock	Capital stock this day	25000		
	Subscription	subscribed for and	75000		
	To Capital Stock	unsold		100000	

The second entry should appear on the left side of the cash book.

Jan. 2	Subscription	First payment on sub-	50000		
		scribed stock			

Exercise 4. — One month after the organization of the corporation the first payment on installments was made. Required the necessary entry. The entry should be made on the left side of the cash book as follows:

Feb. 1	Subscription	Installment No. 1	5000		

NOTE. — If it is desired to show the installment account in the ledger, Exercise 3 would require the following entry: *Cash and Installments* debited, *To Subscription*

credited. Should Exercise 3 be entered in this manner the necessary entry for Exercise 4 would be *Installments* debited, *To Cash* credited.

The first method is preferred by accountants.

Exercise 5.—J. W. Ball is the owner of a wagon manufactory located at 492 Causeway St. A statement just made exhibits resources and liabilities as follows :

Resources

Real Estate	\$5000
Machinery	6000
Raw Material	5000
Patents	2000
Finished Products	2000
Accounts Receivable	3000

Liabilities

Accounts Payable	\$4000
Mortgage Payable	5000

He decides to join with C. W. Henry, B. H. Robbins, and W. E. Law in the formation of a corporation, under the name of The Ball Wagon Co. The capital stock is to be \$68,000, divided into 680 shares of \$100 each, of which each of the incorporators is to have 160 shares. J. W. Ball is to receive 160 shares of paid up stock for his interest as above. The balance, 40 shares, is to be disposed of as treasury stock.

The business is to be continued at the old location of J. W. Ball, and a new set of books opened. Required the necessary entries.

1. To close the old books of J. W. Ball, the following journal entry should be made :

J. W. Ball	For closing the ac-	14000		
Mortgage Pay.	counts on the books	5000		
Accts. Pay.	of J. W. Ball	4000		
To Real Estate		5000		
Machinery		6000		
Raw Material		5000		
Patents		2000		
Accts. Rec.		3000		
Finished Products		2000		

2. The good will of J. W. Ball is estimated at \$2000. The journal entry to open the new books should be as follows:

Real Estate	Mill property	5000		
Machinery	Plant, tools, etc.	6000		
Raw material	On hand	5000		
Patents	Held by corporation	2000		
Accts. Rec.	Due the corporation	3000		
Finished Products	On hand	2000		
Good Will	Estimated value	2000		
Subscription	Stock subscribed for	48000		
Treasury Stock	Held by the treasurer	4000		
To Mortgage Pay.	Mortgage on real estate		5000	
Accts. Pay.	Owed by the corporation		4000	
Capital Stock	Invested capital			68000

Exercise 6. — Sell 10 shares of the treasury stock referred to in Exercise 5 at \$100 a share to A. B. Miller on his note at 30 days. Required the necessary entry.

The following entry should be made in the journal.

Bills Rec.	10 shares sold A. B.	1000		
To Treasury Stock	Miller on his note at 30 days			1000

Exercise 7. — C. W. Henry, B. H. Robbins, and W. E. Law pay for their subscriptions in cash. Required the necessary entry. The following entry should appear on the left side of the cash book.

Jan. 6	Subscription	C. W. Henry, 180 shares,	16000	48000	
		B. H. Robbins, 180 shares,	16000		
		W. E. Law, 180 shares,	16000		

Exercise 8. — I. N. Salsbury, F. O. Gray, and E. W. Masten are associated as partners in a knitting mill under the firm name of Salsbury, Gray & Co. Their investments are as follows:

I. N. Salsbury	\$7400
F. O. Gray	7200
E. W. Masten	4900

They decide to reorganize and incorporate their business. A capital stock of \$30,000, consisting of 300 shares at \$100 per share, is decided upon. The partners are to receive paid up stock for their respective interests as follows:

I. N. Salsbury	80 shares
F. O. Gray	80 shares
E. W. Masten	65 shares

Of the remaining capital D. E. Mosher subscribes for 25 shares; M. P. Keeler, 15 shares; R. Cronk, 10 shares. The balance of the capital stock, 25 shares, is to be disposed of as treasury stock. A statement of the present resources and liabilities has been submitted by the old partners and is accepted by the corporation. This statement is as follows:

Resources

Accounts Receivable	\$4000
Raw Material	3000
Plant	3000
Real Estate	6000
Cash	2700
Finished Product	2900

Liabilities

Accounts Payable	\$1600
Bills Payable	500

It is thought best not to go to the expense of purchasing a new set of books. Required the necessary entry to change the partnership accounts so that they will serve the purposes of a corporation.

The following entry should be made in the journal.

I. N. Salsbury	To close account	7400	
F. O. Gray	To close account	7200	
E. W. Masten	To close account	4900	
Subscription	Subscribed for	5000	
Treasury Stock	Held by the treasurer	2500	
Good Will	Estimated value	3000	
To Capital Stock	Invested capital		30000

It should be noticed that the amount charged to the Good Will account is the difference between the net resources of the private partnership and the total stock to be received by Salsbury, Gray, and Masten.

After the foregoing entry is posted, the books are in condition to proceed with the records of the corporation.

MEMORANDA OF TRANSACTIONS FOR PRACTICE

Directions.— After having studied the foregoing illustrations, the student should take a sheet of ordinary journal paper and make the proper records for the following transactions. Supply dates.

1. A corporation has been formed with a capital stock of \$35,000. This sum has been subscribed for and fully paid in in cash. Make the necessary entry.
2. A corporation has been formed with a capital stock of \$75,000; \$50,000 has been subscribed for and fully paid in; the balance, \$25,000, is to be held in reserve as treasury stock. Make the necessary entries.
3. A corporation has been formed for the manufacture of paper-box machinery with a capital stock of \$150,000. The owner of the patents is to receive 400 shares of stock, at \$100 per share, for his inventions. The promoter is to receive 150 shares, at \$100 per share, for interesting moneyed men in the company. 650 shares of the stock remaining have been subscribed and paid for in full. The remainder of the stock, 300 shares, is to be held in reserve as treasury stock. Make the necessary entries to open the books of the corporation.
4. A joint-stock company has been formed for the purpose of manufacturing paper boxes. The capital stock is to be \$50,000, divided into 1000 shares of \$50 each. 200 shares of the stock is preferred stock, and the remaining 800 shares common stock. The preferred stock has been subscribed for and fully paid in. 60% of the common stock has been subscribed for at par. Of this latter sum 40% has been paid in in cash, and the balance is to be settled for in five equal monthly installments. The balance of the capital stock is to be held in reserve as treasury stock. Make the entries necessary to open the books of the joint-stock company.
5. A corporation has been formed with a capital stock of \$40,000, divided into 400 shares at \$100 per share. 75% of the capital stock has been subscribed for at par, and full payment therefor made in cash; the remainder is to be held in reserve as treasury stock by the company. Make the necessary opening entries.

6. C. W. Williams is the sole owner of a manufacturing plant. He has resources and liabilities as follows:

<i>Resources</i>	
Cash	\$5000
Plant	6000
Real Estate	5000
Raw Material	5000
Accounts Receivable	2000

<i>Liabilities</i>	
Accounts Payable	\$2000
Mortgage Payable	5000

He decides to join with E. B. Monroe, H. L. Hinnan, and W. E. Rollins in the formation of a corporation. The capital stock is to be \$70,000, divided into 700 shares at \$100 each, of which each of the incorporators is to have 170 shares. The balance, 20 shares, is to be disposed of as treasury stock. The business is to be continued at the old location of C. W. Williams and a new set of books opened. Make the necessary entries to close the books of C. W. Williams and to open the books of the corporation.

NOTE.—The difference between the resources and liabilities of C. W. Williams and the total stock credited to him is charged to Good Will account.

7. Sell to A. B. Miller, on his note at 30 days, 5 shares of the treasury stock referred to in Exercise 6, at par value. Make the necessary entry.

8. W. E. Frye, C. W. Gray, and E. O. Burrill are associated as partners in the manufacture of shoes, under the firm name of Frye & Gray. Their investments are as follows:

W. E. Frye	\$14800
C. W. Gray	14400
E. O. Burrill	9800

They decide to reorganize and incorporate their business. A capital stock of \$60,000, consisting of 600 shares at \$100 per share, is decided upon. The partners are to receive paid up stock for their respective interests as follows:

W. E. Frye	160 shares
C. W. Gray	160 shares
E. O. Burrill	130 shares

Of the remaining capital C. H. Dean subscribes for 50 shares; Fred Everitt, 30 shares; Charles Baker, 10 shares. The balance of the capital

stock, 60 shares, is to be held in reserve as treasury stock. A statement of the present resources and liabilities has been submitted by the old partners and is accepted by the corporation. This statement is as follows:

Resources

Bills Receivable	\$8000
Operating Products	6000
Plant	3000
Real Estate	15000
Cash	5400
Finished Products	5800

Liabilities

Mortgage Payable	\$4200
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It is thought best not to go to the expense of purchasing a new set of books. Make the necessary entry to change the partnership accounts so that they will serve the purposes of the corporation.

9. A corporation is organized with a capital stock of \$400,000 to work a gold mine in Alaska. C. L. Bender, who holds a deed to the mine, transfers it to the company in payment for 1000 shares of paid up stock at a par value of \$100 per share. George Aldrich, a promoter, is to receive \$25,000 in paid up stock for interesting capitalists in the company. Ninety per cent of the remainder of the stock has been subscribed for and fully paid in. The balance is to be held in reserve by the company as treasury stock. Make the necessary opening entries.

10. Ten shares of the above treasury stock has been sold for cash at \$100 per share. Make the necessary entry.

THE VOUCHER SYSTEM OF ACCOUNTING

Among the many modern devices for economically systematizing accounts and properly distributing the various items of expenditure is what is known as the *voucher* system. This system was primarily planned for, and is particularly adapted to, large industrial and manufacturing enterprises, such as railroad companies, street-car plants, etc.; but the general principles of the system are so susceptible of modifications that they have been found quite well adapted to all lines of business.

The system derives its name from a special form of combined abstract of invoice and receipt known as a *voucher*, which is issued for purchases

and other expenditures of the business. Where the system is found in its highest stage of development it is characterized by its approved methods for filing paid and unpaid bills and recording firm and corporate disbursements. The method of filing vouchers, the classification and distribution of amounts paid, etc., vary greatly in different lines of business.

In the accounting of large railroad concerns and kindred organizations, vouchers are usually issued for absolutely everything in the way of expenditures connected with the business, the fundamental idea being to have every recorded transaction, so far as possible and practicable, evidenced by a paper or voucher filed in the office. Some houses use vouchers only in making payments for certain classes of goods, usually such articles as are used in manufacturing processes, etc., the cost of which it is generally desirable to enter in separate accounts on the books of record.

Manner of issuing Vouchers.—Vouchers are issued for both paid and unpaid bills. As soon as any bill has been received and audited a voucher, conveniently numbered, is issued for the transaction. The voucher is simply an abstract of the bill or invoice with the necessary data for filing, etc. A record of every voucher is made on the stub of the voucher book. This record gives a condensed history of what is contained on the voucher. For convenience the stub is printed with the names of the various accounts to be charged in the issuing of vouchers.

When any bill is paid, the voucher representing it is detached from the stub and presented to some officer of the firm for approval and signature. The voucher is then sent, with a check, to the creditor. He signs the receipt printed at the bottom of the voucher and returns it. The voucher, when returned, is filed away for reference.

For time purchases a voucher is made out at the time the goods are received and the bill audited. It is not detached from the stub of the voucher book until the time of payment. When the bill becomes due the voucher is detached from the voucher stub in the regular way and presented to the proper officer for approval and signature. It is then sent away the same as the voucher used on a cash bill.

Model Voucher Book.—The model voucher book given on page 269 is self-explanatory. The form of voucher given shows that the United States Whip Company, of Boston, Mass., has purchased of Bradley, Morgan & Co., of New York, goods as per invoice No. 74, amounting to \$1269.40, for which a cash payment was made on Feb. 6, less 2%. The receipt at the bottom of the voucher shows that

Form of Combined Voucher and Check

*Voucher No. 164**Boston, Mass., Feb. 10, 19—**Issued by**The Union Whip Company**To Messrs. Osgood, Taylor & Co.,
Columbus, O.*

INV. NO.	DATE	DESCRIPTION OF PURCHASE	ITEMS	AMOUNT
126	Feb. 7	Gaints and Oile, as per invoice Less 2%	196 50 3 93	192 57

Account verified by

*W. D. Green,
Auditor*

Approved for payment

*L. L. Winans,
President**Columbus, O., Feb. 15, 19—**Received of The Union Whip Company \$192.57
One Hundred Ninety-two $\frac{57}{100}$ Dollars
In full for the above account**Osgood, Taylor & Co.
per £.**Boston, Mass., Feb. 10, 19— No. 164**Traders National Bank**Pay to the order of Osgood, Taylor & Co. \$192.57
One Hundred Ninety-two $\frac{57}{100}$ Dollars
In full for Voucher No. 164**The Union Whip Company,
per L. L. Winans, President*

Bradley, Morgan & Co. received the remittance Feb. 7. The stub gives a complete history of everything connected with the voucher.

Voucher Check. — Payment for the voucher illustrated on page 269 was made by check. Many houses print the voucher and voucher check as one blank (see above form) to insure an early return of the voucher. When this is done it is necessary that the voucher be returned with the check, through the bank, before payment can be received. Banks, how-

No. 129
Date Feb. 1, 19—
To Bradley, Morgan & Co.
\$1269.00

Paid Feb. 6, 19—

ACCOUNT CHARGED	AMOUNT
Merchandise	
Manufacturing	
Whalebone	
Rawhide	
Feed and Rattan	
Thread	
Wood Butts	
Paints and Oils	
Leather and Cloth	
Expense	
Freight and Cartage	
Traveling Expenses	
Printing and Advertising	
Salaries	
Incidentals	
Fuel, Light, and Water	
Returns and Allowances	

No. 129

Boston, Mass., Feb. 1, 19—

United States Whip Company
To Bradley, Morgan & Co., Dr.

New York City

INV. NO.	DATE	DESCRIPTION OF PURCHASE	ITEMS	AMOUNT
74	Mar. 20	Leather and Cloth Invoice	1269	40
		Less 2%	25	39
			39	1.244 01

Extension and distribution, verified by C. C. Th.

Bookkeeper

Goods received

" "

J. D. M.
Receiving Clerk

Prices

" "

C. W. S.
Purchasing Agent

Approved for payment

Bookkeeper

J. D. M.

Receiving Clerk

C. W. S.

Purchasing Agent

D. M. Garrison

Manager

New York, Feb. 7, 19—

Received of the United States Whip Company
Twelve Hundred Forty-four $\frac{1}{100}$ Dollars

In full for the above account

Bradley, Morgan & Co.

per J. C. Fairnes

ever, object to the handling of this form of check, and what is known as the *voucher check* is largely taking the place of the old form of attached voucher and check. The illustration following is suggestive of the usual form of a voucher check.

<i>Boston, Mass., Feb. 6, 19—</i>	<i>No. 129</i>
United States Whip Company	
Pay to the order of Bradley, Morgan & Co. \$1244.00	
Twelve Hundred Forty-four <small>100</small> Dollars	
In full for Voucher No. 129	
To The Bank of Redemption of Boston, Mass.	<i>United States Whip Company, per S. M. Garrison, Manager</i>

REVIEW QUESTIONS

1. Define and differentiate: (a) ordinary partnership and joint-stock company; (b) joint-stock company and corporation.
2. Name some of the advantages of corporations.
3. Briefly give the necessary steps in the organization of a corporation.
4. What are the requirements in your state for incorporation?
5. Define: (a) articles of association; (b) certificate of incorporation.
6. With what officials must certificates of incorporation be filed?
7. How is the business of a corporation transacted?
8. By whom is the board of directors of a corporation elected?
9. Name the officers usually elected.
10. What is the minimum capital required to form a corporation in your state?
11. Name the principal classes of corporation stock.
12. Define each class named.
13. Why has the common stock of some corporations a greater value than the preferred stock?
14. State the voting rights of stockholders.
15. What is a charter?
16. Briefly outline the powers and responsibilities of corporations.
17. What is a trust?
18. What is an installment?
19. Name the principal auxiliary books used by corporations.
20. Briefly state the purpose of each auxiliary book named.
21. What accounts are opened in the stock ledger?
22. Describe the process of transferring a stock certificate.
23. What is the extent of a stockholder's liability under an ordinary corporation?
24. What does the subscription account show and when will it balance?
25. A private partnership is incorporated. The books of the old partnership are to be used. State in abstract form the entry necessary to change the partnership records so that they will meet the requirements of an ordinary corporation.
26. A private partnership is incorporated. New books are to be opened. State in abstract form: (a) the entry necessary to close the records on the partnership books; (b) the entry necessary to open new books.

SET IX—MANUFACTURING

Selling Price List

NO.	LENGTH	QUALITY	PRICE PER DOZ.
30	6 ft.	Java	\$1.10
37	6 ft.	Java	1.40
60	6 ft.	Extra Java	1.60
102	6 ft.	Extra Java	2.00
200	6 ft.	Extra Java	2.25
279	6 ft.	Rawhide	8.00
287	6½ ft.	Rawhide	7.50
312	8 ft.	Rawhide	9.00
428	6 ft.	Whalebone	4.75
455	6½ ft.	Whalebone	6.50
530	6½ ft.	Whalebone	30.00
617	7 ft.	Whalebone	35.00
688	7 ft.	Knotted Bone	160.00
		English Crops	18.00
874	3½ ft.	Rawhide Extra Team	5.75
1017	5 ft.	Horsehide Lash	1.50
1079	12 ft.	8-plat Buck Lash	18.00

The total amount of each invoice purchased will be given, and therefore no *buying* price list is required.

The object of this set is to illustrate corporation accounting, as applied to manufacturing interests, including the organization of a corporation, the opening, conducting, and closing of a set of corporation books.

The special features of this set are the classification of the Merchandise and Expense accounts, indicating the methods employed by manufacturers whereby they are able to analyze each element of cost in production.

As the student has been given extensive work in business practice in the preceding sets and is now familiar with the various forms used in business, this set presents only the theory of corporation accounting.

The *voucher system* is extensively used in corporation bookkeeping. As this set illustrates only theory, all business forms are omitted. The

Manufacturing

Invoice

INV. NO.	DATE	F	NAME AND ADDRESS	TERMS	AMOUNT
1	Feb. 1	17	Merrill & Co.	New York	2/10, net 30 days
2		4	Fleming & Deming	Boston, Mass.	2/10, net 60 days
3		4	Gray & Dunkle	New York	1/30
4		2	Brown & Son	Boston, Mass.	1/10
5		5	Merrill & Co.	New York	2/10, net 30 days
6		9	C. W. Hall	New York	1/10, net 30 days
7		12	Coates & Son	Buffalo, N.Y.	1/10, net 30 days
8		18	Bender & Hill	Philadelphia	2/30, net 60 days
9		17	C. H. Shaw Co.	New York	Net 60 days
		10	Accts. Pay. (Cr.)		3314 90
The posting of the special columns is indicated by the small figures in parenthesis.					

SET IX — MANUFACTURING

273

Cash Book

Register

voucher system, however, is explained and illustrated in the preceding pages. To this explanatory statement both the teacher and the pupil should give careful attention.

The books used in this set are the journal, cash book, petty cash book, invoice register, sales book, general ledger, sales ledger, and purchase ledger. With the exception of the cash book, the petty cash book, and the invoice register, the books are the same as used in the preceding sets of this book.

Cash Book. — The cash book is provided with special columns for accounts receivable, accounts payable, and merchandise. These columns are similar to those of the cash books used in Sets VI and VII. In addition to columns for *net cash* and *discount* a column is provided for *accounts receivable* and *accounts payable*. These columns record the amounts that are to be posted to the sales ledger and the purchase ledger respectively. The special column for merchandise on the left side is for recording cash sales. A reference to the model cash book, pages 272 and 273, will give the student a clear understanding of the plan of this book.

Petty Cash Book. — This book is used for recording small receipts and expenditures of cash. The ruling of an ordinary journal page affords one form of petty cash book. All receipts are to be placed in the first money column and all payments in the second money column. Special columns may be used if desired. The form of the petty cash book is illustrated on page 279.

Invoice Register. — The invoice register is not essentially different from the purchase book with which the student is already familiar. In a manufacturing business it is desirable that the cost of the various manufacturing products be kept in separate accounts in the ledger. This necessitates the addition of a number of special columns in the invoice register for the proper distribution of all raw material bought. When an invoice is received it is audited and entered in the invoice register. The first part of the record is the same as that of the ordinary purchase book. After this part of the record is completed, the amount of the purchase is carried to the proper distributing column. In this set the purchasers are credited weekly for the amount of the invoice, and at the end of the month Accounts Payable is credited for the total of the *Amount* column. Instead of debiting Merchandise, as is the case when the ordinary purchase book is used, each of the articles used in manufacturing should be debited separately under the names appearing at the heads of the several columns. Care should be taken to properly check all items posted. (See model on pages 272 and 273.)

MEMORANDA OF TRANSACTIONS

FEBRUARY 1

J. W. Melton, E. M. Williams, Geo. Inman, A. P. Zaner, and L. H. Messler, of Springfield, Mass., have decided to form a corporation under the title of the Union Whip Co., for the purpose of manufacturing whips. Certificates of incorporation have this day been filed with the proper state official. The capital stock is to be \$25,000, divided into 250 shares of the par value of \$100 each. Each one of the incorporators has subscribed for 50 shares of stock.

This corporation has been formed under the laws of the Commonwealth of Massachusetts. The stockholders above named are to constitute the board of directors for one year. The following officers have been elected: Geo. Inman, President; L. H. Messler, Secretary; J. W. Melton, Treasurer.

The student has been chosen to act as bookkeeper for the corporation, at a salary of \$60 per month.

TO THE STUDENT.—The above memoranda is to be copied verbatim in the journal.

As the laws of the Commonwealth of Massachusetts require that all capital stock must be paid in before commencing business, each stockholder has paid the following: J. W. Melton, for 50 shares, \$5000; E. M. Williams, for 50 shares, \$5000; Geo. Inman, for 50 shares, \$5000; A. P. Zaner, for 50 shares, \$5000; L. H. Messler, for 50 shares, \$5000.

Make a proper entry in the cash book for the investment.

The Springfield Whip Co. has decided to go out of business and the Union Whip Co. has taken a lease of their factory, all complete for manufacturing whips, for a term of three years, at a yearly rental of \$1800, the rent to be paid monthly.

Copy the above memorandum in your journal.

Deposit in the Union Bank all the cash on hand except \$50.

Use a sheet of journal paper for recording all deposits made and all checks drawn. Use the first money column for recording deposits and the second money column for recording checks drawn.

The \$50 kept on hand is to be entered as a balance in the petty cash book. (See the first entry in the model petty cash book, page 279.)

FEBRUARY 3

The Springfield Whip Co. has on hand raw material amounting to \$2000, and finished whips ready for the market amounting to \$1500. The Union Whip Co. purchases the above items for cash.

Give the Springfield Whip Co. a check for the sum of the two amounts named. Enter in the cash book as follows: debit Merchandise for the amount of the finished goods, and debit the following accounts for the raw material: Whalebone, \$200; Rawhide, \$200; Reeds, \$1000; Thread, \$250; Sundries, \$40; Trimmings, \$110; Paints and Oils, \$100; Hardware, \$50; Leather and Cloth, \$50.

S. B. Hardy and F. M. Kinney have been employed as traveling salesmen, each to receive a salary of \$100 per month and traveling expenses.

Place the above memorandum in the journal.

Give each of the traveling salesmen a check for \$150, and charge the amount to Agents' Salaries. Enter in the *General* column in the cash book.

Mr. A. C. Parker, attorney, was the legal adviser of the company at the time of incorporation; give him a check for \$50 for his services. Charge Expense.

The company has taken out an insurance policy with the Niagara Insurance Co. for \$5000. Owing to the location of the factory and the combustible material used, the rate of insurance is \$20 per thousand. Give the agent of the Niagara Insurance Co., Henry Lete, a check for the amount of the premium at the rate named. Charge to Insurance.

FEBRUARY 5

Give Connor & Co. a check for \$32.50 in payment of their bill for a set of office books. Charge Expense.

Pay Tuller & Co. \$7.85 in cash for office stationery. Enter this item in the petty cash book under Expense. Refer to the model on page 279.

NOTE.—Items that are entered in the petty cash book are not entered in the regular cash book until the petty cash book is closed. This will be explained at the end of the week.

Buy \$2 worth of postage stamps and pay cash for them. Enter in the petty cash book.

Pay Thos. Lottridge \$2.80 in cash for carpenter work in repairing the office. Enter in the petty cash book.

Sell Wm. Lane for cash 1 doz. whips, No. 287, \$7.50. Enter the amount in the petty cash book, crediting Merchandise.

FEBRUARY 6

The following goods have been received: Invoice of thread from Hasson & Son, Boston, Mass., dated Feb. 4. Terms: 1/10, net 30 days. Amount, \$100.

Invoice of trimmings from Fleming & Co., New York, dated Feb. 5. Terms: 2/10, net 30 days. Amount, \$60.

Invoice of reeds from Kellar & Co., New York, dated Feb. 3. Terms: 1/10, net 30 days. Amount, \$250.

The above invoices are to be entered in the invoice register. By referring to the model on pages 272 and 273 the student will readily understand the entry required. *Be sure that the amounts are extended into the proper columns.*

NOTE.—In recording invoices the *date* of the invoice should be used, and not the date under which the student is working.

The following orders have been received and filled. Terms: 2/10, net 30 days, F.O.B., Springfield, Mass.

F. R. Pickles, Reading:

6 doz. #30	12 doz. #37
5 doz. #60	8 doz. #102
10 doz. #200	

D. D. Miller, Moberly:

12 doz. #279	10 doz. #428
15 doz. #1017	1 doz. #312
2 doz. #455	2 doz. #287

H. S. Blower, Palmer:

½ doz. #530	1 doz. #455
½ doz. #617	½ doz. #688

S. D. Merrill, Canton:

10 doz. #200	10 doz. #37
10 doz. #279	20 doz. #102
20 doz. #60	2 doz. #287
15 doz. #30	2 doz. #428

A. C. Cotton, Albany:

½ doz. #1079	½ doz. #530
10 doz. #1017	1 doz. English Crops

D. M. Heath, Worcester:

10 doz. #279	10 doz. #200
2 doz. #874	

Enter the above orders in the sales book.

The names of the persons employed in the factory, and the weekly salary of each, are given below.

Arthur Daley, foreman	\$18	W. P. Nye	\$14
David Brown, foreman	18	H. C. Wayne	9
John Sauter	14	Maurice Fox	12
Elmer Tierney	11	W. V. Young	13
Silas Willis	9	Daniel Gilbert	10
Theo. Nash	12	D. B. Hinman	11
Benj. Lever	15	Leon Craig	14
Wm. Kenney	13	F. M. Ward	10
Leslie Carton	10	T. B. Murray	15
O. H. Sidney	12	Jas. Brigham	9
Howard Goble	11	Alice Benton	7
Geo. Wirtz	9	Mary Anson	6
Wesley Kress	12	Susan Frye	8
Edward Short	13	Sarah Harum	8
Thos. Wallace	11	Ellen Steele	6
Jacob McVey	10	Jessie Day	9
Richard Evans	13	Ida Bowers	7
Isaac Shaw	15	Cora Kellar	7
Henry Utz	11	Ada Weet	8
Frank Boler	10	Edith Noyes	9

Draw a cash check for the total amount of the pay roll.

The Pay Roll.—A form of pay roll is given below. These forms differ widely in different lines of business. Payments of employees are usually made by placing the amount to be paid in an envelope, and at the conclusion of the week this envelope is handed to the person whose name it bears. The total amount that has been placed in these envelopes is made up and drawn from the bank by a cash check.

As no business forms are being used in this set the student will simply record the amount of the cash check in the main cash book, *General* column, under Labor.

Time, Week ending 19

Close the petty cash book in the manner indicated in the outline given below.

Petty Cash Book

Feb. 1		Balance	Brought forward	50			
5	✓	Expense	Postage			2	
5	✓	Expense	Carpenter work			2	80
5	✓	Mdse.	Cash sale	7	50		
5	✓	Expense	Office stationery			7	85
6		Balance	In safe			44	85
<hr/>		Feb. 8	Balance	57	50	57	50
			Brought down	44	85		

After closing the petty cash book carry the sum of the three expense items to the main cash book. Record in the *General* column. Transfer the merchandise item to the left side of the main cash book. Check all items transferred. This finishes the work of closing and transferring the items in the petty cash book.

None of the other books are to be closed, but the amounts are to be posted to the different ledgers.

Space in the Different Ledgers. — The first account to be opened in the general ledger is Capital Stock. Give this account six lines; on the same page give Merchandise twenty lines, and Expense the remainder of the space. Give all other accounts in the main ledger one-fifth of a page each.

Give all accounts in the purchase ledger and sales ledger one-fifth of a page each.

Posting. — Post all the items in the *General* column of the main cash book to the general ledger; post all the items from the sales book to the sales ledger; post all the items in the *Amount* column of the invoice register to the purchase ledger, credit side. This concludes the work for one week.

FEBRUARY 8

The following have been received: Invoice of paints and oils from Leland & Son, Boston, Mass., dated Feb. 6. Terms: 1/10, net 30 days. Amount, \$54.20.

Invoice of leather and cloth from Palmer and Brown, New York, dated Feb. 6. Terms: 1/10, net 30 days. Amount, \$80.50.

Give the Springfield Whip Co. a check for one month's rent. For the amount consult the memoranda in the journal. Enter in the cash book under Fuel, Light, and Rent.

Sell Geo. Provo 1 doz. #312, for cash. Enter in the petty cash book.

FEBRUARY 10

Send each of the following persons a check in payment for invoice:

Hasson & Son, for the invoice dated Feb. 4, less discount.

Kellar & Co., for the invoice of Feb. 3, less discount.

Enter each payment in the main cash book. A reference to the model cash book on page 273 will give the student all needed suggestions.

Pay 50¢ in cash for a telegram sent to S. B. Hardy, one of the traveling salesmen. Enter in the petty cash book.

Checks have been received from the following parties:

F. R. Pickles, for the invoice of the 6th, less discount.

H. S. Blower, for the invoice of the 6th, less discount.

A. C. Cotton, for the invoice of the 6th, less discount.

Enter each amount in the main cash book. (See page 272.)

The following orders have been received and filled. Terms: 2/10, net 30 days.

E. T. Fuller, Leland:

12 doz. #30	24 doz. #37
10 doz. #60	16 doz. #102
20 doz. #200	10 doz. #428

C. C. Dewey, Bristol:

24 doz. #279	20 doz. #428
30 doz. #1017	2 doz. #312
4 doz. #455	4 doz. #287

Henry Lee, Norwich:

1 doz. #530	2 doz. #455
1 doz. #617	½ doz. #688

FEBRUARY 12

The following orders have been received and filled. Terms: 2/10, net 30 days.

A. B. Smith, Hartford:

20 doz. #200	20 doz. #37
15 doz. #279	35 doz. #102
25 doz. #60	4 doz. #287
30 doz. #30	10 doz. #428

Geo. H. Sanford, Lynn :

1 doz. #1079	1 doz. #530
20 doz. #1017	2 doz. English Crops

F. M. Caswell, City :

25 doz. #279	20 doz. #200
4 doz. #874	

On the last invoice the following are the terms : subject to sight draft.

FEBRUARY 13

Send Fleming & Co. a check in payment for the invoice dated Feb. 5, less discount.

D. D. Miller sends his check in payment for the invoice dated Feb. 6, less discount.

Draw a cash check for the amount of the weekly pay roll.

H. C. Wayne and T. B. Murray have been absent the past week on account of sickness. Deduct the amount of their salaries from the total pay roll of last week.

Deposit all the checks on hand ; collection, 85¢.

Debit Expense for all collection charges in this set.

Close the petty cash book and carry the amounts to the main cash book.

Post the week's work. The items in the *Accounts Receivable* column of the main cash book are to be posted to the sales ledger and the items in the *Accounts Payable* column are to be posted to the purchase ledger. Open new accounts with all new names that appear in the invoice register and sales book.

FEBRUARY 15

Send each of the following a check in payment for invoice :

Leland & Son, for the invoice of Feb. 6, less discount.

Palmer & Brown, for the invoice of Feb. 6, less discount.

Checks have been received from the following parties :

S. D. Merrill, for the invoice of the 6th, less discount.

D. M. Heath, for the invoice of the 6th, less discount.

Pay cash for petty expense items, \$2.50.

The following orders have been received and filled. Terms : 2/10, net 30 days.

F. R. Pickles, Reading :

8 doz. #1017	10 doz. #287
6 doz. #428	10 doz. #455

D. D. Miller, Moberly:

20 doz. #30	18 doz. #102
15 doz. #37	14 doz. #200
20 doz. #60	2 doz. #312

H. S. Blower, Palmer:

18 doz. #1017	20 doz. #200
10 doz. #428	12 doz. #37
6 doz. #279	5 doz. #287

FEBRUARY 16

The following have been received: Invoice of whalebone from Randall & Co., New York, dated Feb. 13. Terms: net, 10 days. Amount, \$106.20.

Invoice of rawhides from Stockwell & Co., Boston, Mass., dated Feb. 12. Terms: 2/10, net 30 days. Amount, \$124.35.

Invoice of wood butts from Eaton & Son, New York, dated Feb. 13. Terms: 1/10, net 30 days. Amount, \$62.50.

Advance the bookkeeper \$20 in cash, to apply on his monthly salary. Enter in the petty cash book under Expense.

FEBRUARY 17

The following orders have been received and filled. Terms: 2/10, net 30 days.

A. C. Cotton, Albany:

10 doz. #102	5 doz. #874
20 doz. #1017	3 doz. #287
4 doz. #455	20 doz. #60

D. M. Heath, Worcester:

22 doz. #30	5 doz. #287
18 doz. #60	4 doz. #874
12 doz. #1017	2 doz. #1079

Pay J. K. Hart \$8.75 in cash, for plumbing and other repairs. Enter in the petty cash book under Expense.

FEBRUARY 18

Give the Home Printing Co. a check for \$43.65, in payment for a printing bill. Enter in the main cash book under Printing and Advertising.

Checks have been received from the following parties:

From E. T. Fuller, for the invoice of the 10th, less discount.

From Henry Lee, for the invoice of the 10th, less discount.

From C. C. Dewey, for the invoice of the 10th, less discount.

From A. B. Smith, for the invoice of the 12th, less discount.

Give Scott & Co. a check for \$32.90, in payment of their bill for boxes, etc. Enter in the main cash book under Shipping.

FEBRUARY 19

The following orders have been received and filled.

Horace M. Hatton, New York:

50 doz. #102	100 doz. #1017
20 doz. #312	100 doz. #30
40 doz. #200	50 doz. #37

D. K. Nelson, Boston:

20 doz. #428	15 doz. #312
10 doz. #455	40 doz. #102
12 doz. #287	50 doz. #60

A. C. Bruner, Providence:

½ doz. #688	4 doz. #874
2 doz. #1079	2 doz. #530
1 doz. #617	25 doz. #279

FEBRUARY 20

Buy of Eureka Coal Co. 15 tons of coal at \$4.50 per ton. Give in payment a sight draft on F. M. Caswell for the amount.

Enter in the main cash book as follows: on the right side Fuel and extend into the *General* column; on the left side F. M. Caswell and extend into the *Accounts Receivable* column.

NOTE. — The above entry debits Expense and credits F. M. Caswell, which accomplishes the same end as a journal entry. As there is no special column in the journal for accounts receivable, to avoid double posting the above transaction is recorded in the cash book.

The company have at the present time a surplus of cash, and at a meeting of the board of directors it was decided to purchase 100 shares of city waterworks bonds at \$100 per share. As these bonds are selling at par it represents a good investment. Give the city treasurer a check for the amount. Enter on the right side of the cash book, under Waterworks Bonds.

FEBRUARY 23

The following order has been received and filled. Terms: note at 30 days, with interest.

W. G. Cooper, Westfield:

20 doz. #37	30 doz. #102
20 doz. #60	20 doz. #1017

Enter the above in the sales book in the regular way. Then record in the cash book as follows: on the right side Bills Receivable and extend into the *General* column; on the left side W. G. Cooper and extend into the *Accounts Receivable* column. (See note under transaction with the Eureka Coal Co., Feb. 20.)

Give a cash check for the weekly pay roll. All the help have been employed this week. Deposit all the checks on hand; collection, \$2.

Post the week's work.

FEBRUARY 24

Checks have been received from the following parties:

- F. R. Pickles, for the invoice of the 15th, less discount.
- D. D. Miller, for the invoice of the 15th, less discount.
- H. S. Blower, for the invoice of the 15th, less discount.

The following have been received: Invoice of thread from Hasson & Son, Boston, Mass., dated Feb. 23. Terms: 1/10, net 30 days. Amount, \$200.

Invoice of trimmings from Fleming & Co., New York, dated Feb. 23. Terms : 2/10, net 30 days. Amount, \$75.

Invoice of paints and oils, \$75 ; hardware, \$50, from Leland & Son, Boston, Mass., dated Feb. 23. Terms: 1/10, net 30 days.

The sum of the two invoices should be extended into the *Amount* column in the invoice register, and the separate amounts extended to the proper distributing columns.

Invoice of leather and cloth from Palmer & Brown, New York, dated Feb. 21. Terms: 1/10, net 30 days. Amount, \$64.35.

Invoice of reeds from Kellar & Co., New York, dated Feb. 20. Terms : 1/10, net 30 days. Amount, \$1160.

Invoice of wood butts from Eaton & Son, New York, dated Feb. 23. Terms : 1/10, net 30 days. Amount, \$43.25.

Invoice of whalebone from Randall & Co., New York, dated Feb. 20. Terms : 10 days. Amount, \$145.

Invoice of rawhides from Stockwell & Co., Boston, Mass., dated Feb. 21. Terms: 2/10, net 30 days. Amount, \$165.40.

FEBRUARY 25

The following orders have been received and filled. Terms: 2/10, net 30 days.

C. C. Dewey, Boston :

50 doz. #102	30 doz. #30
40 doz. #60	12 doz. #874

A. B. Smith, Hartford :

100 doz. #102	100 doz. #1017
50 doz. #200	10 doz. #874
25 doz. #279	20 doz. #428

Geo. H. Sanford, Lynn :

60 doz. #30	15 doz. #874
80 doz. #60	5 doz. #312
20 doz. #279	5 doz. #530

F. M. Caswell, City :

12 doz. #287	40 doz. #60
20 doz. #428	20 doz. #37
50 doz. #102	50 doz. #30

Henry Lee, Norwich :

70 doz. #30	100 doz. #1017
50 doz. #60	40 doz. #200
60 doz. #37	8 doz. #428

FEBRUARY 27

Received from C. C. Dewey a check in payment of the invoice of the 25th, less discount.

FEBRUARY 28

Checks have been issued in payment of the following:

Student, balance on salary	\$40
Chas. M. Bradburn, Superintendent	100

Enter the sum of the above items in the main cash book under Salaries.

Checks have been sent to the following:

S. B. Hardy, traveling salesman	\$100
F. M. Kinney, traveling salesman	100

Enter the sum of the foregoing items in the main cash book under Agents' Salaries.

Issue a cash check for the full amount of the pay roll.

Give the Metropolitan Carting Co. a check for \$135, in payment for freight and cartage for the month. Enter in the main cash book under Freight and Cartage.

Give the City Gas Co. \$22.10 in cash, for bill to date. Enter in the petty cash book under Fuel, Light, and Rent.

Deposit all checks on hand; collection, \$1.75.

Close the petty cash book and carry the item to the main cash book.
Post the week's work.

Present your books to your teacher for inspection. If approved by him, proceed to close the books as follows:

Close the main cash book. Consult the model cash book on pages 272 and 273. The discount columns are termed *contra columns*. The meaning is this: The discount on the left side of the cash book is a *debit*, but it is placed on the credit side of the cash book for convenience. By this

Statement of Losses and

	Mdse.	Finished goods			1200	
	Raw Material, classified :				1531	
	Whalebone	Purchases	340			
	Whalebone	Per inventory	120	220		
	Rawhide	Purchases	320			
	Rawhide	Per inventory	120	200		
	Wood Butts	Purchases	85			
	Wood Butts	Per inventory	23	62		
	Reeds	Purchases	1600			
	Reeds	Per inventory	810	790		
	Thread	Purchases	365			
	Thread	Per inventory	106	250		
	Labor	Pay roll				840
	Mdse. Disc.	Allowed to others	32.40			
	Mdse. Disc.	Allowed to us	5.80	26	60	
	Expense, classified:					
	Expense	Sundry items		74	50	
	Freight and Cartage	Total for month		82		
	Printing and Advertising	Total expended	39.50			
	Printing and Advertising	Per inventory	9.25	30	25	
	Fuel, Light, and Rent	Total outlay	210			
	Fuel, Light, and Rent	Per inventory	40	170		383 35
	<i>Net Gain</i>	<i>Profits for month</i>				430 65
						4385

arrangement the discount, net cash, and total of any invoice paid are shown together. The same explanation would apply to the *Discount* column on the right side of the cash book. This column represents a credit. The footing of the *Discount* column on the left side is carried to the summary on the right side. The footing of the column on the right side is carried to the summary on the left side. This places each footing in its proper place for posting.

Close the sales book and make the following journal entry for the total footing: Accounts Receivable to Merchandise.

Close the invoice register. Consult the model on pages 272 and 273.

Post the summary of the cash book to the main ledger.

From the invoice register post the footing of the *Amount* column to the credit of Accounts Payable in the main ledger, and debit the footing of each distributing column to its proper account in the general ledger. This completes the posting to the general ledger.

As the sales book and *Amount* column of the invoice register have been posted to the sales ledger and purchase ledger respectively, and

Gains, Feb. 28, 19—

Mdse.	Total sales for month Finished goods, per inventory	3560
		825
		4385

the items from the *Accounts Receivable* and *Accounts Payable* columns of the main cash book have been posted at the end of each week, all posting is now completed.

The student will now make a trial balance from the main ledger. Have the same approved by the teacher. Make an abstract of the purchase ledger and prove with the *Accounts Payable* in the general ledger. Make an abstract of the sales ledger and prove with the *Accounts Receivable* in the general ledger.

Make a statement of losses and gains, referring to the model given on pages 286 and 287.

Make a statement of resources and liabilities.

The above statements are necessary in order that the board of directors may be informed regarding the condition of the business before declaring a dividend. The following outline will suggest the form of resource and liability statement to be used. The student will supply amounts from his own ledger.

Resources

Cash, on deposit
Finished Goods, per inventory
Raw Material, per inventory
Incidentals, per inventory
Accounts Receivable, due the business
Waterworks Bonds, par value
Bills Receivable, on hand

Liabilities

Capital Stock, par value
Accounts Payable, due from the business
Loss and Gain, per statement

CLOSING ACCOUNTS RELATING TO MERCHANTISE

Raw Material. — The classification of accounts with raw material has been explained and illustrated in connection with the invoice register on page 274. In closing the ledger these accounts are transferred to the Merchandise account. If all raw material had been consumed, there would be no inventories on hand. Therefore all inventories in these accounts represent unconsumed raw material. In order that the Merchandise account may show just what it has cost, in raw material, to manufacture goods, these accounts are closed into the Merchandise account in the manner indicated on page 289.

Labor. — The labor required for the production of finished goods also represents an element of cost in merchandise. Therefore this account is closed into the Merchandise account.

Merchandise

Feb.	3	C. B.	13	687	50	Feb.	16	C. B.	12	34	20
	28	Whalebone	16	127	20		28	S. B.	14	1216	40
	28	Rawhide	14	62	90		28	Inventory	32	347	25
	28	Labor	14	285							
	28	Expense	16	172	75						
	28	Gain	28	262	50						
				1597	85					1597	85
Mar.	1	Inventory		347	25						

Whalebone

Feb.	4	C. B.	13	100		Feb.	28	Inventory	32	115	30
	28	I. B.	14	142	50		28	Mdse.	4	127	20
				242	50					242	50
Mar.	1	Inventory		115	30						

Rawhide

Feb.	2	C. B.	13	110		Feb.	28	Inventory	32	172	50
	28	I. B.	14	125	40		28	Mdse.	4	62	90
				235	40					235	40
Mar.	1	Inventory		172	50						

Labor

Feb.	6	C. B.	13	150		Feb.	28	Mdse.	4	285	
	28	C. B.	14	135						285	
				285							

The following are to be closed into the Merchandise account in the form and manner already explained. Inventories are placed opposite the accounts to which they belong. If no inventory is given, the full balance of the account is to be closed into the Merchandise account.

Whalebone	\$135.80	Paints and Oils	\$66.70
Rawhide	148.75	Hardware	35.
Wood Butts	28.60	Leather and Cloth	56.45
Reeds	1020.	Sundries	18.50
Thread	110.	Labor	
Trimmings	64.20	Mdse. Discounts	

Do not close the Merchandise account at this point.

Incidentals. — A third element in the manufacture of goods is incidental expenses. As a matter of fact, all expenses are incurred as a means of carrying on the manufacturing interests, and all money paid out for incidental expenses simply adds to the cost of goods. These incidental items are of importance in closing the books, as showing what relation they bear to the total cost. These accounts are closed into the Expense account as a means of knowing what the total incidentals represent, and then the Expense account is closed into the Merchandise account. The inventories represent material on hand belonging to the incidental accounts. The manner of closing is indicated below.

Expense

Feb.	2	C. B.	13	30		Feb.	28	Mdse.	4	172	75
	5	C. B.	13	15	80						
	20	C. B.	13	1	50						
	28	Print. and Ad.	14	16	45						
	28	Salaries	16	95							
	28	Insurance	19	14							
=====	=====		=====	172	75	=====	=====	=====	4	172	75

Printing and Advertising

Feb.	20	C. B.	13	36	45	Feb.	28	Inventory Expense	32	20	45
				36	45				16	16	45
=====	=====	=====	=====	=====	=====	=====	=====	=====	36	36	45
Mar.	1	Inventory		20							

Salaries

Feb.	20	C. B.	13	10		Feb.	28	Expense	16	95	
	28	C. B.	13	85							
=====	=====	=====	=====	95	=====	=====	=====	=====	16	95	=====

Insurance

Feb.	6			72	50	Feb.	28	Inventory Expense	32	58	50
				72	50				16	14	
=====	=====	=====	=====	=====	=====	=====	=====	=====	32	72	50
Mar.	1	Inventory		58	50						

The following accounts are to be closed into the Expense account as shown on page 290.

Printing and Advertising	\$10.25
Freight and Cartage	
Agents' Salaries	
Insurance	85.
Fuel, Light, and Rent	50.
Salaries	
Shipping	11.30

After the above accounts have been closed into the Expense account close the Expense account into the Merchandise account.

Closing the Merchandise Account. — The merchandise inventory, representing finished goods on hand, is \$1285.46. Enter this inventory in the Merchandise account, find the gain, and close the account in the usual manner.

Transfer the gain on merchandise to the Loss and Gain account.

Closing the Loss and Gain Account. — In corporation accounting the closing of the Loss and Gain account is effected by a journal entry. The entry for closing the Loss and Gain account will be like the following, except the amounts.

Loss and Gain	\$323.50
To Dividend account	
To Undivided Profits	23.50

Dividends are usually declared in business quarterly, semiannually, or annually. In this set, in order that the student may have the work of closing the Loss and Gain account, a monthly dividend will be declared.

At a meeting of the board of directors, a statement of the business having been presented, it was voted that a dividend of 2% on the capital stock be declared. The student will compute the amount of the dividend and then make a journal entry similar to the one just given. The net gain will be verified by your teacher. Open accounts with Dividends and Undivided Profits. Post the journal entry and close the Loss and Gain account. When the dividends are paid in cash the Dividend account will be closed. As the dividends have not yet been paid to the stockholders, that account will remain open.

After completing the work of closing the books a trial balance of the ledger should be taken.

An Analysis of the Merchandise Account. — The student will now turn to his ledger and follow carefully the statements given below.

Finished goods on hand Feb. 1	\$1500.
Finished goods on hand Feb. 28	<u>1285.46</u>
Finished goods included in sales	<u>214.54</u>
Total sales for the month	<u>\$6801.50</u>
Less finished goods sold	<u>214.54</u>
Sale of goods manufactured during the month	<u>6586.96</u>
The total cost of the manufactured goods included the following:	
Raw material	\$3131.75
Labor	1732.
Incidentals	1166.10
Mdse. discount	<u>35.06</u>
Total cost	<u>6064.91</u>
Gain on merchandise	<u>522.05</u>

The above analysis shows that the raw material cost, in even numbers, 52% ; labor, 28% ; incidentals, 20%.

The above analysis is made possible because of the classification of the Merchandise account. In the above manner the manufacturer can determine whether any one division of manufacturing is costing too much, or whether the proportion of each is wisely distributed for the most economical production of his goods.

By taking the total raw material consumed he can readily determine the per cent of cost of each kind of raw material. It is suggested that the student find out for himself just what per cent of the total amount of raw material consumed is represented in each of the raw material accounts.

It is further suggested that the student analyze the Expense account, and learn just what per cent of the total incidental amount is represented in each one of the classified expense accounts.

NOTE. — The teacher can well afford to use a number of recitation periods in developing the work outlined above.

BANKS AND BANKING

THE UTILITY OF BANKS

A **Bank**, in its simplest form, is an institution provided for the safe-keeping of money; but the ordinary commercial bank of to-day is designed to render to the public many varied and important services.

The general utility of commercial banks may be stated as follows:

1. They provide a place for the safe-keeping of money and securities.

2. They afford a business man an opportunity to borrow money to carry on his enterprises while his capital is locked up in merchandise or in the hands of his debtors. The credit of many mercantile houses is worth as much to them as the capital they possess.

3. They save the transmission of money from one part of the world to another, thus avoiding great risks and keeping money in more active circulation.

Settlements are effected by issuing to customers

a. Bankers' drafts.

b. Bills of exchange.

c. Letters of credit.

4. They facilitate the payment of bills by permitting money deposited to be withdrawn upon a simple order called a *check*. This check when issued serves the business man in various ways, which may be specified as follows:

a. It saves time in paying large sums. To count the money would be a long process.

b. It obviates the risk that attends the handling of money.

c. It constitutes a record of expenditures and furnishes the business man convenient data from which to make entries in his books.

d. When the check is canceled it serves the purpose of a receipt.

5. By issuing letters of credit they afford people who travel a means of securing money in distant parts without the risk attending the carrying of real money.

6. They afford excellent facilities for the collection of negotiable paper,—bills, notes, bonds, coupons, etc.

7. They are often a source of useful business information pertaining to investments and other matters.

8. They are a means of organizing capital.
9. They tend to encourage thrift, honesty, and punctuality.

Sources of a Bank's Profits.—The principal sources of a bank's profits may be specified as follows:

1. Money earned for discounting business paper and from lending money on good security. The available funds of a bank for lending purposes accrue from

- a. Amounts paid in by stockholders.
 - b. Amounts deposited by individuals, corporations, bankers, etc.
 - c. Accumulated surplus.
2. Charges for collecting notes, drafts, etc.
 3. Interest upon bonds deposited with the United States Treasurer to secure circulation, if it be a national bank.
 4. Fees for issuing drafts, bills of exchange, etc.
 5. Profit on circulation, if it be a national bank.

Sources of a Bank's Expenses.—The principal sources of a bank's expenses may be specified as follows:

1. Interest on special deposits.
2. Fees for collecting foreign paper.
3. Taxes.
4. Salaries and various other office expenses.

Kinds of Banks.—Banks may be classified as follows: 1. National.
2. State. 3. Private.

NATIONAL BANKS

Distinguishing Features.—Some of the distinguishing features of a national bank may be stated as follows:

1. It is organized under the National Bank Act.

NOTE.—Authentic information with reference to the organization of national banks may be obtained upon application to the Comptroller of Currency, Washington, D.C., for a copy of each of the following pamphlets: "National Bank Act" and "Instructions Relative to the Organization and Management of National Banks." These pamphlets contain valuable suggestions for all interested in the business of banking.

2. It is always an incorporated institution.
3. It has general authority to issue circulating notes as well as to conduct an ordinary banking business.
4. It is under the direction of the Comptroller of Currency, Washington, D.C.

5. Its general methods of conducting business are consistent with those of every other national bank in the United States.

6. Its stockholders are liable for twice the amount of their subscription; that is, in case a bank fails and is in need of funds to meet its liabilities, a stockholder who owns \$5000 worth of stock is liable to the Comptroller to the amount of \$5000 in cash in addition to the loss of his stock.

7. A definite proportion of its stock must be invested in United States bonds.

8. It must have at all times on hand an available lawful money reserve. This amount ranges from 15% to 25% of its deposits, depending upon the city in which the bank is located.

9. It must form a surplus fund. Before making a dividend it must carry to its surplus fund one-tenth of its net profits since the last preceding dividend, until the fund shall amount to at least 25% of the capital stock, thereby establishing a reserve fund from which losses may be met.

Organization of a National Bank.—The successive steps required to organize a national bank, together with the prescribed forms of articles of association and by-laws, are given in the pamphlets referred to on page 294.

A summary of the necessary steps may be given as follows:

1. There must be at least five persons. Corporations, etc., cannot become organizers of a national bank.

2. No national bank can be organized with a capital smaller than \$25,000. The minimum capital stock with which a national bank may organize varies with the size of the town or city; as:

a. Minimum capital for banks organized in towns with a population of not over 3000, \$25,000.

b. For towns with a population of not more than 6000, \$50,000.
c. For towns or cities with a population of more than 6000 and less than 50,000, \$100,000.

d. For towns or cities with a population of 50,000 or more, \$200,000.

3. A paper is prepared, which it is expected people will sign, stating the amount of capital it is desired to raise and the number and value of the shares. This paper is circulated until the requisite amount is subscribed.

4. A name must be selected. This may be anything that does not conflict with a name already in use in that particular town or city.

5. Written application is made to the Comptroller of Currency at Washington, giving:

- a. The name and location of the proposed bank.
- b. The amount of the capital stock.
- c. The names of at least five persons who are to be stockholders.

6. If the application receives the Comptroller's approval, the subscribers unite in *Articles of Association*.

7. Having executed the articles of association, the stockholders then execute a paper entitled *Organization Certificate*. This certificate definitely specifies :

- a. The name and location of the association.
- b. The capital stock.
- c. The names and residences of the stockholders and the number of shares held by each.
- d. A general statement as to why the certificate is made.

8. The Organization Certificate is then signed, acknowledged, and filed with the Comptroller.

9. The stockholders meet and elect directors. To be eligible as a director a stockholder must

- a. Be a citizen of the United States.
- b. Own at least \$1000 of the capital stock of the bank.
- c. Three-fourths of the directors must have resided in the state in which the association is located for a year or more preceding their election ; they must also continue to reside there while they remain in office.

10. The directors then proceed to elect a president, vice president, cashier, etc., and call in at least 50% of the capital stock.

NOTE.— Fifty per cent of the capital stock of a bank must be paid in before the Comptroller will give it authority to commence business, and the remainder must be paid in in five equal monthly installments. Thus the entire capital stock must be paid in within six months from the time the bank is authorized to commence business. In the majority of cases, however, stockholders contribute the entire amount of their capital at the outset of the bank's history. In many cases a surplus fund is created by the payment of an additional sum, this surplus fund serving to enhance the bank's credit and stability.

11. Another certificate is then made and sworn to by a majority of the directors. This paper certifies the following:

- a. The amount of paid in capital.
- b. The name, residence, and number of shares of each stockholder.
- c. That the bank has complied with the various requirements of the National Bank Act.

12. A portion of the capital stock must then be invested in United States bonds and deposited with the Treasurer of the United States. This amount varies ; as :

a. It cannot be less than one-fourth of the capital stock if the capital stock is \$150,000 or less.

b. If the capital stock is more than \$150,000, \$50,000 in bonds must be deposited.

13. After the Comptroller has given authority for the bank to do business, a code of by-laws is adopted for the government of the bank.

14. If the Comptroller is assured that all the requirements of the law have been executed, he will give to the bank a certificate stating that it is authorized to commence business. This certificate must be published in the town or city in which the bank is located, for sixty days or more after it is issued.

Circulating Notes of a National Bank. — Whether a bank avails itself or not of the privilege of taking out circulating notes, the law requires the above-mentioned deposit of United States bonds. Having complied with the law in depositing bonds, a national bank is entitled to receive its circulating notes, equal in value to the par value of the bonds deposited, unless the bonds should be below par, in which case it may receive circulating notes for only the market value of the bonds.

A national bank is not required to take out circulating notes ; but having invested a part of its capital in the above manner, it is usually desirous of utilizing its credit by getting as many notes as the law permits. The profits on these circulating notes, in most cases, are not large, varying from 1% to 2% on the capital employed.

Tax on Circulation. — A national bank is required to pay to the Treasurer of the United States a tax of $\frac{1}{4}\%$ each half year upon the average amount of notes in circulation, secured by 2% gold bonds. Circulating notes secured by all other classes of bonds are subject to a semiannual tax of $\frac{1}{2}\%$.

Interest on United States Bonds. — The Comptroller authorizes the payment of interest on the bonds deposited to the bank depositing them. From this income to the bank no deduction is made for taxation, since United States bonds are exempt from taxation.

Redemption Fund with the United States Treasurer. — National banks are required to keep at all times on deposit with the Treasurer of the United States 5% of their circulation. This fund is to be held and

used by the Treasurer for the redemption of worn, mutilated, or defaced national bank notes that may be received from time to time and redeemed in sums of \$1000 or any multiple thereof.

CORPORATE POWERS OF AND RESTRICTIONS ON NATIONAL BANKS

The **Powers** possessed by national banking associations may be enumerated as follows :

1. To adopt and use a corporate seal.
2. To have succession for twenty years, unless sooner voluntarily dissolved or their franchises become forfeited by some violation of law.
3. To sue and to be sued.
4. To elect and appoint directors, and by the directors to appoint a president, cashier, etc.
5. To adopt necessary by-laws not inconsistent with law.
6. To make contracts.
7. To exercise by their board of directors such incidental powers as may be necessary to carry on the general business of banking; such as discounting paper, receiving deposits, loaning money on personal security, buying and selling exchange, etc., obtaining and issuing circulating notes.

The **Principal Restrictions** placed upon national banking associations may be enumerated as follows :

1. National banks cannot hold real estate except on the following conditions :
 - a. Such as may be needed for their immediate accommodation in the transaction of business.
 - b. Such as may be mortgaged or conveyed to them in good faith by way of security for debts previously contracted.
 - c. Such as they shall purchase at sales under judgments, etc., held by the association.

Possession of real estate under mortgage, or title and possession of any real estate purchased to secure debts due to national banks, cannot be held for a longer period than five years.

2. No increase or reduction of the capital stock of national banks can be made without the approval of the Comptroller. No increase is valid until the full capital stock has been paid.
3. They are prohibited from loaning a person or a firm an amount exceeding one-tenth part of their capital. This restraint is to prevent excessive loans, which always impair the general usefulness of a bank.

4. They cannot use their own circulating notes to pay for or increase their capital stock.

5. They are expressly prohibited from certifying a check in excess of a depositor's account.

NATIONAL BANK OFFICERS AND CLERKS

Officers. — The officers of a national bank are chosen by the board of directors to superintend and direct its affairs. These are usually:

President.

Vice President.

Cashier.

Assistant Cashier.

Clerks and Employees. — Among the clerks and employees of a bank are: receiving teller, paying teller, note teller, general bookkeeper, individual bookkeeper, discount clerk, collection clerk, correspondence clerk, runner, porter, watchman, and such other assistants as the character and extent of the business may create a necessity for. The Bank of England employs about one thousand clerks.

The **President** is the official head of the bank. The bank is dependent upon him for its standing, and it is therefore highly important that he be a man of the strictest honor and integrity, with a very considerable knowledge of men and financial affairs. He should, by considerate action, an accurate knowledge of character, a keen interest in the movements of trade, have under his command all the forces that tend to enhance his bank's interests. His most important duties may be specified as follows:

1. To preside at all the meetings of the board of directors.
2. To furnish such information concerning the bank's transactions as may be desired by the directors.
3. To adopt a policy which will govern the bank in its operations.
4. To be influential in securing depositors.
5. To sign circulating notes and certificates of stock.
6. To be alert in watching the loans of the bank to see that they do not go beyond safe limits.

The **Vice President**, in the absence of the president, takes his place and performs the duties of the office. In some of the larger banks of the country this officer shares the responsibility of the president and aids in extending the efficiency of the bank's service.

The **Cashier** ranks next to the president and vice president, and has certain duties to perform. These duties are mentioned in the law under

which the bank exists. His most important duties may be stated in a general way as follows:

1. He acts as secretary of the board of directors and keeps a record of all business transacted at their meetings.
2. He supervises various departments of work and sometimes employs clerks and prescribes their duties.
3. He conducts the correspondence of the bank.
4. He signs certificates of stock and circulating notes.
5. He pays out the bank's funds and borrows money in the name of the bank.
6. He indorses all paper that is sent away for collection.
7. He signs the checks of the bank and draws drafts on correspondents.
8. He may indorse the bank's paper for the purpose of securing loans.
9. He should aim to build up the business of the bank and commend it to public favor.

The **Assistant Cashier** is employed only in the larger banking institutions of the country. His official signature is recognized in everything the same as the cashier's, except in the bank's reports to the Comptroller of Currency. He assists in performing any of the duties ordinarily devolving upon the cashier.

PROPOSITIONS ILLUSTRATING THE OPENING ENTRIES OF A NATIONAL BANK

1. (a) A national bank is organized with a capital stock of \$300,000.
- (b) The capital stock is fully paid in. (c) Also a surplus fund of \$50,000 is created and paid.
- (d) United States bonds with a par value of \$100,000 are purchased for \$101,500 cash.
- (e) Circulating notes to the extent of \$100,000 are received from the Comptroller of Currency and duly signed.
- (f) \$5000 is forwarded to the Treasurer of the United States, as provided by banking laws, to redeem worn-out and mutilated circulating notes.
- (g) Disbursements ordered by the board of directors amount to \$2900.

Required the necessary opening entries. Give them in ordinary journal form.

TO THE STUDENT.—The above proposition gives a statement of the usual transactions resulting from the organization of a national bank. If you have the successive steps of organization well in mind you are now ready to study the following entries. To show the various debits and credits, the entries are all given in journal form. After a careful study of the entries for proposition No. 1, take a sheet of journal paper and make the entries for proposition No. 2.

NECESSARY ENTRIES

	(a)	
Subscription		\$300000
To Capital Stock		\$300000
	(b)	
Cash		300000
To Subscription		300000
	(c)	
Cash		50000
To Surplus Fund		50000
	(d)	
Premium on U.S. Bonds		1500
U.S. Bonds to secure Circulation		100000
To Cash		101500
	(e)	
Cash		100000
To Circulation		100000
	(f)	
Redemption Fund with U.S. Treasurer		5000
To Cash		5000
	(g)	
Expense		2900
To Cash		2900

2. (a) A national bank is organized with a capital stock of \$200,000.
 (b) The first installment of 50% of the capital stock is duly paid.
 (c) United States bonds with a par value of \$75,000 are purchased for \$76,000 cash. (d) Circulating notes are received from the Comptroller of Currency for \$75,000 and duly signed by the president and cashier.
 (e) One of the stockholders makes a further payment of \$20,000 to apply on the capital stock. (f) The necessary 5% redemption fund is forwarded to the Treasurer of the United States to redeem worn and mutilated circulating notes. (g) Disbursements ordered by the board of directors amount to \$3100.

Required the necessary opening entries. Make them in ordinary journal form.

To THE TEACHER.—The teacher will find it a most helpful exercise to require the students to analyze fully each of the entries called for in the foregoing propositions. This will, at the outset, firmly fix in mind the fundamental principles in the organization of a national bank.

TRUST COMPANIES

Organization. — Trust companies are in reality banking institutions organized under and subject to the laws of the different states.

The Business of Trust Companies ranks among the important activities of commerce. Since trust companies are state institutions, their management and scope vary in the different states. In general the business of trust companies may be stated as follows:

1. They receive money on deposit, subject to checks, the same as national banks.
2. They allow interest on special deposits, usually on amounts above a specified sum.
3. They make loans in the same careful, conservative way that is so characteristic of national banks.
4. Where they have superseded state banks they undertake the collection of commercial paper.
5. They are usually connected with the clearing house, either directly or through some convenient national bank.
6. They receive on deposit money, government securities, stocks, bonds, coin, jewelry, valuable papers and documents, evidences of debt, etc., upon such terms and conditions as may be agreed upon.
7. They collect and disburse the interest or income, if any, upon property received on deposit and at maturity collect and disburse the principal of such property as produces interest or income.
8. They act as trustees for widows and children.
9. They act as agents in transferring stocks and bonds.
10. They act as agents for the care and management of invested property.
11. They may be appointed by probate courts as receivers, executors, administrators, etc.
12. They are usually authorized to receive and hold moneys and property in trust and on deposit from courts of law and equity, executors, assignees, guardians, and trustees upon such terms and agreements as may be decided upon.

NOTE. — In Massachusetts and some of the other states trust companies are required to maintain a reserve fund similar to the reserve fund of national banks, and to annually set aside 10% of their net earnings as a surplus or guaranty fund until such fund amounts to 25% of their capital stock. The liability of the stockholders is also the same as that of the stockholders of a national bank.

STATE BANKS

Organization.—State banks are organized under and subject to the regulations and restrictions of the banking department of the particular state in which they are located. The preliminary steps necessary in the organization of a state bank are quite similar to those already outlined for national banks.

State and National Banks compared.—State and national banks may be compared as follows:

1. Their management is similar.
2. Their scope is nearly the same.
3. They are equally careful and conservative in the matter of making loans.
4. In many cases the protection afforded the creditors of state and national banks is equally strong.

State and National Banks contrasted.—State and national banks may be contrasted as follows:

1. National banks are organized under and subject to national law and authority. State banks are purely state institutions, organized under and subject to state law and authority.
2. National banks issue circulating notes, while state banks do not.

NOTE.—Prior to July 1, 1866, state banks issued circulating notes. On that date an amendment to the National Bank Act imposed a tax of 10% on these notes. This tax proved too high to allow any profit to the state banks, and the circulating notes were withdrawn.

3. National banks are subject to a more critical examination than state banks.
4. National banks are required to make fuller returns to United States officials than state banks are required to make to state officials.
5. National banks are required to invest a portion of their capital in United States bonds. State banks are not.
6. On the whole the numerous requirements of the National Bank Act strengthen public confidence in national banks and make them more popular institutions than state banks.

NOTE.—In Massachusetts and a few other states there are no state banks, loan and trust companies having superseded them. Authentic information respecting the organization of state banks and trust companies may be obtained by addressing the proper Secretary of State.

PRIVATE BANKS

Organization. — Private banks are organized in the same manner as ordinary partnerships. They may belong to an individual or a firm.

Functions. — The business of private banks varies in different localities. In many cases they possess the principal functions of national banks; in other cases their attention is directed only to special features of banking, such as the buying and selling of foreign exchange, stocks and bonds, etc.

Protection to Creditors. — In a few states private banks are restricted in their operations by statute, in which case they are subject to the inspection of state officials; but usually their operations are regulated and restricted only by the common laws of business. Thus it will be seen that their safety is dependent upon the integrity and financial responsibility of the individuals conducting them.

NOTE. — Private bankers are quite numerous in nearly all large cities, their capital stock aggregating, in some instances, more than the capital stock of national banks. Some private bankers make a specialty of loaning their capital for the promotion of business enterprises, taking for security the stocks and bonds of the enterprise promoted. These stocks and bonds are disposed of to customers, usually at a good profit.

REVIEW QUESTIONS

1. State the principal functions of a commercial bank.
2. Briefly outline the principal advantages of making payments by the ordinary bank check.
3. A business man is about to pay a bill of \$49.75. He finds that there is over \$200 in currency in his safe. He has a good-sized bank account. Which would be the more business-like way of paying his bill, by check or in currency? Why?
4. Name the principal sources of a bank's profits.
5. From what do the available funds of a bank for lending purposes accrue?
6. State the principal sources of a bank's expenses.
7. Name the three general classes of banking institutions.
8. Name the chief distinguishing features of a national bank.
9. Why are the underlying principles of the national banking system practically uniform?
10. State the individual liability of the stockholders of a national bank. Illustrate.
11. What lawful money must the national banks in your city have at all times on hand?
12. Define the following: (a) surplus fund; (b) United States bonds; (c) incorporated institution; (d) National Banking Act.
13. How many persons are required to form a national bank?
14. Could the number be made up wholly or in part of fictitious persons, as corporations, etc.?
15. What is the minimum capital under which a bank may organize in your city?
16. State the law with reference to the minimum capital required to organize a national bank.
17. A national bank is being organized in your city. There are already a number of national

banks doing business there. Could the new bank adopt the name *First National Bank*? There is no other bank of that name in your city. Give reasons for your answer. 18. What per cent of the capital stock of a national bank must be paid in before the bank can be authorized to commence business? 19. State the necessary qualifications for a bank director. 20. What is generally the par value of a share of national bank stock?¹ 21. Suppose a national bank is formed with a fully paid in capital of \$300,000. Another national bank is formed at the same time with a capital stock of \$200,000, and a surplus fund of \$100,000, both amounts fully paid in. Which bank in your judgment is the stronger institution? Why? 22. What proportion of the capital stock of a national bank must be invested in United States bonds? 23. Why is there no tax levied on United States bonds? 24. Define the following: (a) circulating notes; (b) redemption fund with the United States Treasurer. 25. Is a bank bound to take out circulating notes? 26. Do almost all national banks carry circulating notes? Why? 27. What per cent of the bonds deposited may the circulating notes be? 28. What is the market value of United States 2% gold bonds at the present time? 29. Are circulating notes a source of profit to national banks? 30. What is the yearly tax on national bank notes? 31. Are the United States bonds deposited with the United States Treasurer a source of income to the bank depositing them? Explain. 32. For what is *Redemption Fund with the United States Treasurer* created? How is the amount of it determined? 33. A fire occurs in A's warehouse. In the office of this warehouse \$500 in national bank bills are burned to ashes. Has anybody gained by this destruction of bank notes? Explain. 34. State the principal corporate powers of national banks. 35. Under what conditions may a national bank hold real estate? 36. How can a national bank increase or diminish its capital? 37. Why are national banks prohibited from using their own circulating notes to pay for their capital stock? 38. By whom are the officers of a national bank chosen? 39. Name the usual officers of a national bank. 40. Name the usual clerks employed in the average national bank. 41. Why should the president of a bank be a man of extended experience and superior ability? 42. State the principal duties of the average bank president. 43. Where there is a vice president in a bank what are his duties? 44. State the most important duties of the cashier of a national bank. 45. When there is an assistant cashier what are his duties? 46. Give the initial opening entry for a national bank. 47. Give the entry for the payment of the capital stock. 48. Give the entry for the purchase of United States bonds at a premium. 49. Give the entry for taking out circulating notes. 50. Give the entry for the funds remitted to the Treasurer of the United States to redeem worn and mutilated circulating notes.

¹ The National Banking Act now requires the shares of stock to have a par value of \$100, in harmony with the usual practice of joint-stock companies throughout the country. Some of the state banks, however, were originally organized with shares having a par value of \$50. Where these banks were later changed into national banking associations they were given the privilege of forming with shares of a par value of \$50. This may account for the fact that some national banks have shares whose par value is less than \$100.

SET X — BANK ACCOUNTING

Object. — This set is designed to illustrate in as brief a way as possible the practical workings of an ordinary national bank. In order to get at the work directly the various books are opened from statements showing the condition of a bank that is in operation. To open a bank and gradually bring it to a well-organized and paying institution would be a long, unnecessary process.

In order to illustrate the closing entries in bank accounting, statements are made and dividends declared March 3.

Books used. — The books illustrated in this set are: general balance ledger, individual ledger, discount register, discount tickler, collection register, collection tickler, draft register, remittance register, certified check book, general cash book, and paying and receiving tellers' check sheets.

For greater clearness and more satisfactory results in the schoolroom the various uses of these books, and the ordinary routine of entries resulting from the transactions recorded in them, are illustrated and explained in connection with the various departments of bank routine which make up the set.

Auxiliary Books. — The auxiliary books and records necessary in the organization of a national bank are essentially the same as those of any other joint-stock company or corporation. These books may be briefly referred to as follows:

1. *Subscription Book*, made up of a record of the names of the persons subscribing for stock and the number of shares wanted.
2. *Stock Certificate Book*, containing the receipts showing the number of shares delivered to each stockholder.
3. *Installment Book*, in which are written the names of the stockholders and the amount paid by each.
4. *Transfer Book*, in which is written a history of the certificates canceled and of the new ones issued.
5. *Stock Ledger*, showing the amount of capital stock and the balance to the credit of each stockholder.
6. *Minute Book*, in which are recorded the proceedings of the board of directors.
7. *Dividend Book*, in which are recorded the names of the stockholders, the number of shares owned, the amount of their dividends at various dividend periods, and receipts for the payment of dividends.

Classified Work. — The work of the set is so classified that the student is made to see the principal duties devolving upon the various officers and clerks in the daily routine of recording the transactions of the bank. This classification gives the student practice in the performance of the chief duties of:

1. Paying teller.
2. Receiving teller.
3. Note teller.
4. Discount clerk.
5. Collection clerk.
6. Correspondence clerk.
7. Individual bookkeeper.
8. General bookkeeper.
9. Cashier.

General Directions and Suggestions. — In this set **Commercial National Bank** is the name under which the banking association is incorporated. The location is Boston, Mass.

The student is about to familiarize himself with the details of an ordinary national banking institution, and he will be carefully instructed as to the duties of the various officers and clerks by:

1. Being allowed to examine carefully the present condition of the books used.
2. Being specifically instructed as to the powers, responsibilities, and general duties of the various officers and clerks.
3. Being allowed to make further entries in the various books during the progress of each day's business.

WORK OF THE DISCOUNT CLERK

The records of the discount clerk are to be examined first. These records are found principally in the discount register and discount tickler.

The **Discount Register** contains a full record of all paper accepted for discount. It is the bill book of the bank and gives, in addition to the information ordinarily contained in a common bill book, the amount of discount and collection and exchange charged, the proceeds of the paper, etc. The illustration on pages 308 and 309 is self-explanatory. It shows a day's records, with the necessary check marks, etc.

No record is made in the discount register at the maturity of paper; therefore it will not be necessary for the student to enter the discounted paper on hand in the discount register.

The **Discount Tickler** contains a classified record, with reference to maturity, of all the paper entered in the discount register. These records are made to "tickle," or remind, the discount clerk to have paper presented for payment at the proper time.

Discount

DATE DISCOUNTED	FOR WHOM DISCOUNTED	MAKER OR PAYER	INDORSER	WHERE PAYABLE	NUMBER	DATE OF PAPER
June 20	D. E. Avery	Wilson & Son		Alliance Nat'l, City	230	19—
20	Powers & Sprague	C. Reardon & Co.	Cook Bros.	Farmers Bank, Chicago	231	Apr. 20
20	E. V. Buckley & Son	W. O. Radcliffe		First Nat'l, Syracuse	232	May 1
20	J. H. Crandall	Frey & Mason	Bates Bros.	Our Bank	233	Apr. 1
20	Dodge Bros.	Rogers, Peet & Co.		Traders Nat'l, Phila.	234	June 15

As soon as paper is accepted for discount it is entered in the discount register, the due date is written across its face in red ink, and it is recorded in the discount tickler under the proper number and date. After these records have been completed the notes are carefully checked back from the tickler.

The tickler is generally ruled in sections for each day in the year. At the top of each section is printed the day and date. The *Remarks* column is used for noting irregularities in payment, etc.

Discount

Monday,

NO.	PAYER	WHERE PAYABLE	TO WHOM SENT
800	C. W. Hall & Co.	Our Bank	
821	Morton & Davis	First National Bank, Buffalo	Traders National, Buffalo
827	C. W. Carey	Allston & Co., Bankers, City	

Tuesday,

782	Raymond Bros.	Union Trust Co., City	
790	Stickney, Poor & Co.	National City Bank, Brooklyn	Chemical National Bank, N.Y.
765	F. E. Sherman	Our Bank	
778	De Young Bros.	Citizens Bank, Troy	Farmers Bank, Albany

Paper to be entered in the Discount Tickler.—The following discounted paper is now in the possession of the bank and is shown by the uncanceled records in the discount tickler. Take your discount tickler and enter this paper, being guided by the accompanying model.

Register

TIME	WHEN DUE	TERM OF DIS-COUNT	RATE OF DIS-COUNT	AMOUNT OF PAPER	INTEREST AND DISCOUNT	COLLECTION AND EXCHANGE	PROCEEDS TO BE CREDITED	TICKLER CK.	REMARKS
		19—							
3 mo.	July 20	30 da.	6%	2000	10		1990		✓
3 mo.	Aug. 1	42 da.	6%	1500	10 50	1 88	1487 02	✓	
90 da.	June 30	10 da.	6%	900	1 50		898 50	✓	
90 da.	July 14	24 da.	6%	6000	24		5976	✓	
30 da.	15	25 da.	6%	3000	12 50	3 75	2983 75	✓	Issued Cashier's Ck.
				✓	✓	✓	✓		
				13400	58 50	5 63	13335 87		

Write dates in the discount tickler as follows: March 1, 2, 3, 4, 5, 6, 9, 11, 12, 16, 25, 26, 29, 31, and April 1.

Do not show any totals at this time, as the entries in the general debit and credit books will not be made until the general bookkeeper's work is given.

NOTE.—In this work all paper maturing on Sundays or legal holidays should be entered in the ticklers under the date of the first business day following. The statutes of the different states, however, are not uniform on this point.

Tickler

Feb. 15, 19—

BY WHOM DISCOUNTED	AMOUNT TO BE COLLECTED	CK.	REMARKS
Decker Bros.	7500	✓	Cash
D. E. Avery	1500	✓	Charged to Traders, Buffalo
E. L. Howard	9000	✓	Certified, Allston & Co., Bankers
	18000	✓	

Feb. 16, 19—

W. I. Pratt	2500	✓	Protested. Fees, \$1.75. Charged to Pratt
J. O. Baker	3000	✓	Charged to C. N. B., New York
Powers & Sprague	4500	✓	Charged to F. E. Sherman
	2000	✓	Charged to Farmers, Albany
	12000	✓	

PAPER MATURING MONDAY, MARCH 1

No. 889. Note of W. I. Pratt, at 30 days from Jan. 30, discounted for Decker Bros., payable at our bank, for \$2750.

No. 866. Note of B. M. Vosburg & Co., at two months from Jan. 1, discounted for Mace, Gilmore & Co., payable at Traders National Bank, Buffalo, for \$7500. Sent to Traders National Bank.

No. 842. Note of Gregory Mfg. Co., at three months from Dec. 1 last, discounted for Spencer, Mead & Co., payable at Third National Bank, Buffalo, for \$5000. Sent to Traders National Bank, Buffalo.

No. 893. Note of Dillon Bros., at 30 days from Jan. 30, discounted for D. B. Roberts, payable at Merchants National Bank, City, for \$7550.

No. 901. Note of D. S. Davenport, at 10 days from Feb. 19, discounted for E. L. Howard, payable at Eliot National Bank, City, for \$9500.

PAPER MATURING TUESDAY, MARCH 2

No. 902. Note of Novelty Mfg. Co., at 10 days from Feb. 20, discounted for Fernald, Son & Co., payable at Alliance National Bank, Springfield, Mass., for \$18,500. Sent to Alliance National Bank.

No. 869. Note of F. M. Elery & Son, at two months from Jan. 2, discounted for Thomas Bennett & Co., payable at Union Bank, Worcester, for \$32,400. Sent to Alliance National Bank, Springfield.

No. 868. Note of Daniels Novelty Co., at 60 days from Jan. 1, discounted for Mace, Gilmore & Co., payable at our bank, for \$33,210.

No. 895. Note of Powers & Lawler, at 15 days from Feb. 15, discounted for W. I. Pratt, payable at Farmers Bank, Albany, for \$28,890. Sent to Farmers National Bank, Albany.

No. 867. Note of Baush & Lomb, at 60 days from Jan. 1, discounted for C. E. Selover & Co., indorsed by Anderson & Page, payable at our bank, for \$16,500.

PAPER MATURING WEDNESDAY, MARCH 3

No. 897. Note of I. M. Lyons, at 15 days from Feb. 16, discounted for D. E. Avery, payable at our bank, for \$29,900.

No. 882. Note of Kennedy Soap Co., at 20 days from Feb. 11, discounted for J. H. Crandall, payable at Union Trust Co., City, for \$24,750.

No. 883. Note of Cobb, Bates & Co., at 20 days from Feb. 11, discounted for Burgess & Co., indorsed by Ginn & Co., payable at Colonial National Bank, City, for \$12,250.

No. 875. Note of Cobb & Co., at 30 days from Feb. 1, discounted for George D. Hatch & Co., payable at Shoe & Leather Bank, City, for \$25,625.

PAPER MATURING THURSDAY, MARCH 4

No. 884. Note of W. E. Denman, at 20 days from Feb. 12, discounted for C. E. Denison, payable at Chemical National Bank, New York, for \$37,000. Sent to Chemical National Bank.

No. 906. Note of David W. Parker, at 15 days from Feb. 17, discounted for C. E. Denison, payable at our bank, for \$30,000.

No. 907. Note of Marsh & Grant, at 15 days from Feb. 17, discounted for Thomas Bennett & Co., payable at our bank, for \$17,295.

No. 876. Note of G. S. Murray, at 30 days from Feb. 2, discounted for Decker Bros., payable at Chemical National Bank, New York, for \$12,460. Sent to Chemical National Bank.

No. 857. Note of Fred M. Everitt & Co., at 60 days from Jan. 3, discounted for Fernald, Son & Co., payable at Farmers Bank, Albany, for \$16,792. Sent to Farmers Bank.

PAPER MATURING FRIDAY, MARCH 5

No. 908. Note of Stanley Carriage Co., at 10 days from Feb. 28, discounted for J. H. Crandall, payable at Union Trust Co., City, for \$23,680.

PAPER MATURING SATURDAY, MARCH 6

No. 910. Note of Jamison, Baker & Co., at 10 days from Feb. 24, discounted for Freeman, Austin & Co., payable at Park Square National Bank, City, for \$31,720.

No. 890. Note of Fowler Mfg. Co., at 30 days from Feb. 4, discounted for C. E. Selover & Co., payable at Chemical National Bank, New York, for \$31,750. Sent to Chemical National Bank.

PAPER MATURING TUESDAY, MARCH 9

No. 844. Note of C. B. Conroy & Co., at three months from Dec. 9 last, discounted for Lane, Rowell & Co., payable at our bank, for \$25,750.

PAPER MATURING FRIDAY, MARCH 12

No. 847. Note of D. D. Eldred, at three months from Dec. 12 last, discounted for F. E. Sherman, payable at our bank, for \$15,950.50.

Present the discount tickler to your teacher for approval.

The Duties of the Discount Clerk may be specified as follows:

1. He takes charge of the bills receivable accepted for discount.
2. He keeps the records of the loaning department of the bank.

TRANSACTIONS FOR THE DISCOUNT CLERK, MARCH 1

The following paper has been offered and accepted for discount to-day. As discount clerk make the proper records in the discount register. Examine the model for discount register given on pages 308 and 309. Consult your teacher when in doubt on any point.

In the following memoranda of transactions, where the paper contains no other indorsement than that of the holder, the indorser is not stated, and the column *Indorser* in the discount register may be left blank.

Unless otherwise stated, discount is computed at 6% per annum.

No. 920. Note of Wells, Osborn & Co., at 30 days from March 1, discounted for Mace, Gilmore & Co., payable at Old Colony National Bank, City, for \$2960. Discount, \$14.80. Proceeds credited.

No. 921. Note of Baker & Small, at 30 days from Feb. 23, indorsed by King & Chappell, discounted for Decker Bros., payable at First National Bank, Worcester, for \$7500. Discount, \$30. Collection and exchange, \$7.50. Proceeds credited.

No. 922. Note of Wyckoff & Co., at 30 days from March 1, discounted for W. I. Pratt, payable at Old Colony National Bank, City, for \$1500. Discount, \$7.50. Proceeds credited.

No. 923. Note of C. A. Seaver & Co., at 15 days from March 1, indorsed by Boswell, Mason & Co., discounted for Wyckoff, Seamans & Benedict, payable at our bank, for \$10,000. Discount, \$25. Proceeds credited.

No. 924. Note of F. E. Harris, at 10 days from March 1, discounted for J. H. Crandall, payable at Farmers Bank, Albany, for \$9000. Discount, \$15. Collection and exchange, \$9.50.

Collection

WHEN LEFT	NO.	PAYER	INDORSER	WHERE PAYABLE
Feb.	16	610	C. W. Young	Union Trust Co., City
	16	611	E. O. Frey & Co.	Traders Nat'l, Buffalo
	16	612	Geo. A. Ward	Park Nat'l, Providence
	16	613	F. E. Brown	Our Bank
	16	614	Mason, Quigley & Co.	Our Bank
	16	615	Reardon & Ellis	Alliance Nat'l, Springfield
	16	616	Novelty Mfg. Co.	Our Bank
	16	617	Ellis Soap Co.	Monroe Bank, City
	17	618	C. H. Bryant	Our Bank

As discount clerk the student should now proceed as follows:

1. Rule and foot the discount register. Examine the model given.
 2. Prove the footings. The total of the *Proceeds* column plus the total of the *Discount* and *Collection and Exchange* columns should equal the total of the *Amount* column.
 3. Post the entries from the discount register to the discount tickler. Leave the columns *Where Sent* and *Remarks* in the discount tickler blank for the time being. These will be filled out later as the work progresses.
- Submit the discount register and discount tickler to your teacher for approval.

The **Auxiliary Books** kept by the discount clerk are of significant importance in a bank, but they are so simple in character and so self-explanatory that it is thought best not to attempt to use them in these records. They are :

1. The *Offering Book*, containing information with reference to the parties applying for loans.
2. The *Discount Ledger*, containing a record of the amount of paper discounted for each customer.
3. The *Customers' Bill Book*, containing a detailed statement of the various papers offered for discount by the customers of the bank.

WORK OF THE COLLECTION CLERK

The records of the collection clerk are now to be examined. They are found principally in the collection register and collection tickler.

The **Collection Register** contains a record of all commercial paper received by the bank for collection. Many banks keep two collection

Register

DATE OF DRAFT OR NOTE		TIME	WHEN DUE	FOR WHOM COLLECTED	AMOUNT TO BE COLLECTED		CK.	REMARKS
Jan.	29	2 mo.	April 9	Fields Milling Co.	1650		✓	
	2	3 mo.	May 2	Charles J. Kennedy	2500		✓	
	2	60 da.	April 3	E. V. Buckley & Son	10000		✓	
	29	3 mo.	29	Wyckoff, Seamans & Benedict	75	20	✓	
	16	4 mo.	May 16	F. E. Sherman	1150	22	✓	
	21	4 mo.	21	Freeman, Austin & Co.	95	60	✓	
Feb.	2	60 da.	April 3	C. E. Denison	1250		✓	
	3	30 da.	March 5	D. E. Avery	9500		✓	
	7	2 mo.	April 7	Alliance Bank, Springfield	215	90	✓	

registers, one for city collections and one for collections payable out of town. The paper entered in the collection register is generally numbered consecutively. The foregoing model is self-explanatory. The column *Indorser* need not be filled out except when there is an indorser other than the owner of the paper. If any time paper is interest-bearing, the amount of the interest should be added to the face of the paper before it is recorded in the collection register.

Since no record is needed in the collection register at the maturity of paper, it will not be necessary for the student to enter the collection paper on hand in the collection register.

The Collection Tickler.—As soon as paper is properly recorded in the collection register it is classified in the collection tickler under its date of maturity. The object of the collection tickler is to remind the bank clerks of the maturity of paper received for collection.

The following collection paper is now in the possession of the bank and is shown by the uncanceled records in the collection tickler. Record it in your collection tickler.

Collection

Monday,

NO.	PAYER	WHERE PAYABLE	TO WHOM SENT
590	C. W. Gray	Our Bank	
592	L. O. Sweetland	Alliance Nat'l, Springfield	
593	N. P. Pond	Traders Nat'l, Buffalo	
595	D. E. Anderson & Co.	Union Trust Co., City	
596	Frey, Miller & Co.	Park Nat'l, City	Alliance Nat'l, Springfield Fourth Nat'l, Buffalo

Tuesday,

572	D. O. Dale & Co.	First Nat'l, Albany	Farmers Bank, Albany
581	Covey & Dudley Co.	Traders Nat'l, Albany	Farmers Bank, Albany
598	Paine Cutlery Co.	Union Bank, Worcester	Alliance Nat'l, Springfield
601	F. C. Howland	Our Bank	
602	C. E. Reardon	Suffolk Nat'l, City	
606	Sampson & Newell	Mechanics Nat'l, Springfield	Alliance Nat'l, Springfield

Write dates in the collection tickler as follows: Feb. 25, 26, March 1, 2, 3, 4, 5, 6, 9, 10, 18, 27, 31, April 1 and 2. Write March 3 twice.

COLLECTIONS MATURING THURSDAY, FEB. 25

No. 650. Note signed by Wentworth & Son, dated Nov. 25 last, at three months, indorsed by J. K. Miner, payable at Albany, N.Y., for \$725. Sent to Farmers Bank. To be collected for E. V. Buckley & Son.

No. 702. Note signed by Daly Bros., dated Dec. 25, at two months, payable at Albany, N.Y., for \$1200. Sent to Farmers Bank. To be collected for J. O. Baker.

No. 723. Draft dated Jan. 25, at one month from date, on F. W. Edwards & Son, payable at Fourth National Bank, Brooklyn, for \$1005.25. Sent to Chemical National Bank, New York. To be collected for Powers & Sprague.

COLLECTIONS MATURING FRIDAY, FEB. 26

No. 726. Note signed by E. B. Munroe, dated Jan. 27, at 30 days, payable at Providence, for \$4900. Sent to Chase National Bank, Providence. To be collected for Decker Bros.

Tickler

Feb. 15, 19___

FOR WHOM COLLECTED	AMOUNT TO BE COLLECTED		WHEN AND HOW DISPOSED OF
Spencer, Mead & Co.	9000		Paid, 2/15.
Mace, Gilmore & Co.	752	50	Chgd. Alliance Nat'l, 2/19. Our coll., 75¢; bank's coll., \$1
W. I. Pratt	1750		Chgd. Fourth Nat'l, 2/20. Our coll., \$1.75; bank's coll., \$2.25
Alliance Nat'l, Springfield	7200		Certified, 2/15, Union Trust Co. Our coll., \$7.20
Chase Nat'l, Providence	1625	90	Certified, 2/15, P. N. B. Our coll., \$1.65

Feb. 16, 19___

W. I. Pratt	2100		Chgd. Farmers Bank, 2/22. Our coll., \$2.10; bank's coll., \$4
D. E. Avery	1650		Chgd. Farmers Bank, 2/22. Our coll., \$1.65; bank's coll., \$3
C. E. Denison	502	90	Chgd. Alliance Nat'l, 2/21. Our coll., 50¢; bank's coll., \$1
Ninth Nat'l, Hartford	1725	90	Paid, 2/16. Our coll., \$2
Chase Nat'l, Providence	2100		Certified, 2/16, S. B. Our coll., \$2.75
C. E. Selover & Co.	7500		Chgd. Alliance Nat'l. Our coll., \$7.50; bank's coll., \$12

No. 742. Draft dated Jan. 26, at one month from date, on B. W. Mills, payable at Providence, for \$5200. Sent to Chase National Bank, Providence. To be collected for Wyckoff, Seamans & Benedict.

No. 743. Note signed by Samuel Powell & Co., dated Dec. 28 last, at 60 days, payable at Bank of Commerce, Baltimore, for \$1250. Sent to Bank of Commerce, Baltimore. To be collected for Freeman, Austin & Co.

COLLECTIONS MATURING MONDAY, MARCH 1

No. 744. Note signed by E. O. Hamilton, payable 60 days after Dec. 31 last, at our bank, for \$1650.25. To be collected for Freeman, Austin & Co.

No. 752. Note signed by J. H. Moore, payable 30 days after Jan. 30, at Springfield, Mass., for \$722.50. Sent to Alliance National Bank, Springfield. To be collected for Traders National Bank, Buffalo.

No. 755. Draft dated Feb. 1, at one month from date, on E. L. Howard, payable at our bank, for \$5000. To be collected for Wyckoff, Seamans & Benedict.

COLLECTIONS MATURING TUESDAY, MARCH 2

No. 757. Note signed by W. E. Patten, payable 30 days after Jan. 31, at Buffalo, for \$1750. Sent to Traders National Bank. To be collected for Alliance National Bank, Springfield.

No. 756. Note signed by Charles H. Thurber & Co., payable 20 days after Feb. 10, at Union Trust Co., City, for \$79.23. To be collected for Farmers Bank, Albany.

No. 760. Note of G. A. Churchill, payable 30 days after Jan. 31, at Poughkeepsie, N.Y., for \$73.92. Sent to Chemical National Bank. To be collected for Chase National Bank, Providence.

COLLECTIONS MATURING WEDNESDAY, MARCH 3

No. 764. Note signed by J. M. Goulding, payable 30 days after Feb. 1, at Springfield, for \$125.72. Sent to Alliance National Bank, Springfield. To be collected for Chase National Bank, Providence.

No. 765. Draft dated Feb. 3, at one month from date, on Rogers & Williams, indorsed by Wilder & Fields, payable at our bank, for \$652.01. To be collected for Mace, Gilmore & Co.

COLLECTIONS MATURING THURSDAY, MARCH 4

No. 766. Draft dated Jan. 4, at two months from date, on R. B. Elder, payable at Bunker Hill National Bank, City, for \$700. To be collected for C. E. Selover & Co.

No. 767. Note signed by S. C. Williams, indorsed by DeWitt & Bliss, payable 60 days after Jan. 3, at Rochester, N.Y., for \$1600. Sent to

Traders National Bank, Buffalo. To be collected for C. E. Selover & Co.

COLLECTIONS MATURING FRIDAY, MARCH 5

No. 770. Note signed by F. W. Humphrey, payable 30 days after Feb. 3, at our bank, for \$325. To be collected for Wilder & Fields.

No. 771. Note signed by J. Kennard, payable 30 days after Feb. 3, at Bunker Hill National Bank, for \$3000. To be collected for Traders National Bank, Buffalo.

No. 774. Note signed by James H. Beatty, payable 60 days after Jan. 4, at Union Trust Co., City, for \$2500. To be collected for Chemical National Bank, New York.

COLLECTIONS MATURING SATURDAY, MARCH 6

No. 778. Note signed by John Wanamaker, indorsed by Wilder & Fields, payable 60 days after Jan. 5, at Union Trust Co., City, for \$1200. To be collected for Farmers National Bank, Albany.

No. 779. Note signed by Cloud & King, indorsed by Elder & Sampson, payable 60 days after Jan. 5, at Union Trust Co., City, for \$1000.50. To be collected for Chase National Bank, Providence.

The Duties of the Collection Clerk may be specified as follows:

1. He takes charge of paper received by the bank for collection.
2. He makes the proper entries for collection paper in the original books of record.

Rates of Collection. — The collections made by a bank constitute an important part of its business. Formerly this feature of banking was very profitable, the lowest charge in many banks for collecting paper payable out of town being $\frac{1}{4}\%$, while a charge of three or four times this was not unusual. Now these charges vary, ranging from $\frac{1}{10}\%$ to $\frac{1}{4}\%$; but the rates are by no means uniform. They depend upon a number of things, among which may be mentioned the following:

1. Trade movements; e.g., during the late fall months New York is sending a great many checks to states in the Mississippi Valley in payment for shipments of wheat; hence the states in this section are anxious at such times to get collection items from New York and near-by cities, to reduce their balances with New York banks, and they make collections with little or no charge. Later on the conditions are practically reversed, and the collection rate in the Middle West for items from New York and adjoining cities runs as high as $\frac{1}{4}\%$.

2. Various arrangements of banks with one another ; e.g., some collecting banks agree to make remittances regularly at par, the use of the money so collected being considered as an offset to the trouble of collecting ; other banks sometimes agree to remit at stated intervals at a stipulated rate per cent for collecting, etc.
3. Arbitrary rates in vogue in some banks.
4. A charge, by some banks, on time paper, but no charge on cash paper.
5. The size of a depositor's bank balance. The heaviest depositor usually gets the lowest collection rate.
6. On the whole, the rates of collection are more uniform in the Eastern and Middle States.

TRANSACTIONS FOR THE COLLECTION CLERK, MARCH 1

As collection clerk, make the proper records in the collection register for the following paper received for collection to-day. Examine the model given for this book on pages 312 and 313.

No. 800. Note signed by Clarke & Coffin, dated Jan. 31, at 30 days, indorsed by Ellis, Shannon & Co., payable at our bank, for \$7200. To be collected for Janis, Cooper & Tremper.

No. 801. Note signed by Henry Green, payable in two months from Jan. 4, at Park Square National Bank, City, for \$4000. To be collected for Charles J. Kennedy.

No. 802. Note signed by Ellis Peterson, payable in 60 days from Jan. 4, at Union Trust Co., City, for \$2000. To be collected for Charles J. Kennedy.

No. 803. Draft dated Jan. 3, at 60 days from date, on James Briggs, payable at Central Bank, City, for \$905.42. To be collected for Fields Milling Co.

No. 804. Note signed by W. B. Anderson, payable in 60 days from Jan. 5, at First National Bank, Worcester, for \$162.90. To be collected for Ninth National Bank, Hartford, Conn.

No. 805. Draft dated Jan. 4, at 60 days from date, on McMenimen Bros., payable at First National Bank, Worcester, for \$1262.90. To be collected for Ninth National Bank, Hartford, Conn.

Post the collection register to the collection tickler. Leave the *Where Sent* and *Remarks* columns blank for the time being.

Submit your collection register and collection tickler to your teacher for approval before proceeding further.

WORK OF THE RECEIVING TELLER

The records of the receiving teller in this set are to be found on the receiving teller's daily check sheets.

The following is the form of check sheet and proof to be used in this work.

Receiving Teller's Daily Check Sheet and Proof

Monday, April 2, 19—

CK.	ACCOUNT	V CURRENCY	# CLEARING HOUSE	X OUT-OF- TOWN	B OUR BANK	O CITY OFFICE	COLLEC- TION AND EXCHANGE	AMOUNT CREDITED
✓	Decker Bros.	1120	1200 50		192 10	600		3112 60
✓	Mace, Gilmore & Co.	250	54 09	750	50 60			1493 94
		190	200					
✓	Spencer, Mead & Co.	60	300	1500	500	65	75	5523 50
			3000		100			
✓	D. B. Roberts				1500			1500
✓	E. L. Howard			900			90	899 10
✓	W. I. Pratt	620	7200			2500		10370
		50						
✓	C. E. Selover & Co.			1642 50				1642 50
✓	Coll. and Exch. Paid in cash	1 65					1 65	
✓	Fields Milling Co.	690						1580
		140			750			
✓	Cashier's Check	9200						9200
		12321 65	11964 59	4792 50	3092 70	3165	4 80	35321 64

Recapitulation and Proof

Bills	501	65	Deposits	35321	64
Coin	5820		Collection and Exchange	4	80
Clearing House	11964	59			
Out-of-Town	4792	50			
Our Bank	3092	70			
City Office	3165				
Paying Teller (Special)	6000				
	35326	44		35326	44

Receiving Teller's Daily Check Sheet and Proof. — A great variety of forms of this sheet is used by banks. In some cases the sheet exhibits only the total of the deposit tickets and the aggregate receipts of the day. In other cases it is in the form of a cash book, the receipts in currency, clearings, collection and exchange, out-of-town items, etc., being separated by the use of special columns. The kind of record required would always depend upon the routine of the bank's business.

The Duties of the Receiving Teller may be specified as follows:

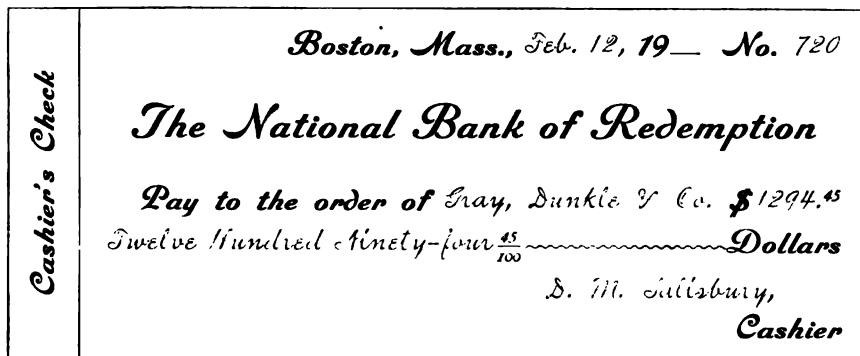
1. He receives the deposits of customers.
2. He writes certificates of deposit and cashier's checks.
3. He enters deposits in the customers' pass books.
4. He classifies the items received for deposit.

Certificates of Deposit. — Certificates of deposit are receipts issued by a bank to persons making temporary deposits. They are negotiable and pass everywhere as cash. They are taken from a book resembling the ordinary check book, a stub showing the number, date, amount, payee, etc., being retained by the bank. The person to whom a certificate is issued is required to write his name on the stub of the certificate of deposit book in order that the proper comparisons may be made when the certificate is presented for payment. These certificates may bear interest or not, depending on the circumstances.

<i>Certificate of Deposit This Deposit not Subject to Check</i>	\$964.45 <i>Boston, Mass., Feb. 10, 19—</i> No. 945
<i>The National Bank of Commerce</i>	
<i>Albert S. Coborn——has deposited in this Bank Nine Hundred Sixty-four $\frac{45}{100}$ Dollars Payable to the order of himself—— on the return of this Certificate properly indorsed</i>	
<i>C. H. Palmer, Cashier</i>	

Cashier's Checks. — Cashier's checks are quite similar to the ordinary checks of customers, except that they are signed by the cashier of the bank on whom they are drawn. They are sometimes used instead of bank drafts and in paying the proceeds of paper discounted, but are

more frequently employed in paying the general expenses of the bank, except small incidental items, which are usually paid by means of charge tickets signed by the cashier.



Nature of Deposits. — As deposits come in from customers they may consist of any one, or all, of the following items:

1. Currency.
2. Orders payable through the clearing-house association.
3. Orders payable out of town.
4. Orders payable by our bank.
5. Orders payable by bankers in our city not members of the clearing-house association.

Classifying Items on the Deposit Ticket. — As a deposit comes in, the receiving teller places the deposit ticket before him and proceeds to count the coin and bills. If they are found to agree with the amounts on the ticket, a check mark (✓) is placed at the left of the items listed.

Each check, draft, or other bankable instrument is then carefully examined to see if it is properly indorsed. If this paper is approved, it is next checked off and classified on the deposit ticket as follows:

1. If payable by a bank which is a member of the clearing-house association, the clearing-house number of that bank is written at the left of the item.
2. If payable by an out-of-town bank, a cross (×) is written at the left of the item.

Note. — Sometimes deposit tickets are provided with a separate column for items payable out of town. In such cases the out-of-town items are sufficiently classified when the deposit ticket comes in to the receiving teller.

3. If payable by a city bank not a member of the clearing-house association the letter O is written at the left of the items.

NOTE. — O is intended to signify *Office*, a term meaning that the paper is payable at some banking or business office in the city instead of through the clearing-house association. These items are sent by runners and payment received in cash or by an acceptance payable at a clearing-house bank. If the paper is accepted instead of paid, it is returned and entered with the exchanges for the clearing-house association for the following day.

4. If payable by our bank, the letter B is written to the left of the items.

DEPOSITED IN THE		
<i>National City Bank</i>		
<i>By Newman & Bond</i>		
<i>Boston, Feb. 15, 19—</i>		
Specie	Dollars	Cents
Bills	400	
Check	700	
#37	240	99
C	1	200
#12	1	400
X	500	
B	700	
5	141	49

TRANSACTIONS FOR THE RECEIVING TELLER, MARCH 1

Take the blank for receiving teller's daily check sheets and enter the following deposits. Study very carefully the form given on page 319, and if you do not understand any point, consult your teacher. The nature of the deposit in the following transactions is indicated by the characters just explained.

Decker Bros., √ \$600, B \$1500, B \$720.50.

Mace, Gilmore & Co., √ \$720, √ \$400, #61 \$1290, #4 \$1500, #31 \$650.

Spencer, Mead & Co., B \$1250.20, B \$340.20, × \$1340.20, × \$1343.46, × \$342.90 ; less collection, \$2.75.

D. B. Roberts, √ \$120, √ \$60, #32 \$950.60, O \$1625, B \$72.60.

Fernald, Son & Co., √ \$725, B \$650.60, O \$900, × \$1750 ; less collection, \$1.75.

W. I. Pratt, √ \$120, B \$1625, × \$1900 ; less collection, \$1.90.

F. E. Sherman, O \$156.90, B \$1750, #15 \$165.90, √ \$7200.

C. E. Denison, × \$1590.60, √ \$2500, B \$200, #12 \$1560 ; less collection, \$1.50.

Thomas Bennett & Co., √ \$400, B \$262.90, B \$40.50, B \$200, #60 \$4126.20, #11 \$2142.10, #5 \$1462.90, #3 \$2460.10, × \$1325.62, × \$1462.91, × \$142.10 ; collection, \$2.25, paid in cash.

NOTE. — When the collection charges on any paper deposited are paid in cash the amount is not deducted from the deposit slip. On the receiving teller's sheet the items of deposit and collection charges are entered as usual, and, in addition, the amount of the collection charges is written in the *Currency* column.

E. L. Howard, √ \$1450, B \$1242.10, × \$1121.40, × \$24.16, × \$142.60 ; less collection, \$1.25.

Charles J. Kennedy, √ \$350, #17 \$1210, #27 \$1620.40.

E. V. Buckley & Son, × \$621.40, × \$340, × \$4000 ; less collection, \$1.

Foot the columns of the receiving teller's daily check sheet. The sum of the first five columns should equal the sum of the last two.

Make out the *Recapitulation and Proof* blank. Bills on hand, \$10,760 ; coin, \$987.25. You have given to the paying teller during the day \$2900. The remaining items of the proof are taken from the receiving teller's daily check sheet footings.

The debit and credit sides of your proof should balance.

Submit the receiving teller's work to your teacher for approval.

WORK OF THE PAYING TELLER

The records of the paying teller in this set are to be found on the paying teller's daily check sheets.

Paying Teller's Daily Check Sheet and Proof. — A great variety of forms of this sheet is used by banks. The nature of the records in this department would depend upon the general routine and volume of the work of any particular bank. The sheet on pages 324 and 325, with

Paying Teller's Daily

PAYMENTS

CK.		B OUR BANK	# CLEARING HOUSE	X OUT-OF-TOWN	O CITY OFFICE	EXPENSE
✓	<i>Fields Milling Co.</i>	200				
✓	<i>Charles J. Kennedy</i>	13000				
✓	<i>C. E. Selover & Co.</i>	720				
✓	<i>C. E. Denison (N. Y. D.)</i>	560	75			
✓	<i>D. E. Avery (N. Y. D.)</i>	240	50			
✓	<i>J. H. Crandall</i>	1001	50			
✓	<i>W. I. Pratt</i>	238	75			
	<i>Bunker Hill</i>		10160	40		
	<i>Traders</i>		300			
	<i>Park Square</i>		560			
	<i>Traders, Buffalo</i>			1346	50	
	<i>Alliance, Springfield</i>			7645	90	
	<i>Farmers, Albany</i>			1900	40	
	<i>Mechanics</i>				200	
	<i>Powers</i>				150	
	<i>Coal bill</i>					5 50
	<i>Carpenter work</i>					9 50
		15901	50	11020	40	10892
						80
						350
						15

Recapitulation

RECEIPTS

1. <i>Cash from yesterday</i>		90150	50
2. <i>Receiving Teller</i>		9200	50
3. <i>Note Teller</i>		11420	
4. <i>Receiving Teller (Special)</i>		14000	
5. <i>Collection and Exchange</i>	3.00, 12.00	15	
6. <i>New York Drafts</i>		2100	
7. <i>Balance from Clearing House</i>		7120	50
		134006	50

Check Sheet and Proof

Saturday, April 7, 19—.

RECEIPTS

CK.	SALE OF NEW YORK DRAFTS				SUNDAY RECEIPTS	SUNDAY COLL. & EXCH.
	SOLD FOR CASH	SOLD FOR CHECK	AMOUNT	EXCHANGE		
<i>J. M. Cox & Co.</i>		500		75		
<i>R. Bable & Co.</i>		800		1		
	<i>C. E. Denison</i>	560		75		
	<i>D. E. Avery</i>	240		50		
<hr/>						
	<i>Balance from yesterday's proof</i>				90150	50
	<i>Receiving Teller, from yesterday</i>				9200	50
	<i>Note Teller, from yesterday</i>				11420	
	<i>Receiving Teller (Special)</i>				9000	
	" " "				5000	
	<i>Balance from Clearing House</i>				7120	50
		2100	3 00	131891	50	12 00

and Proof

PAYMENTS

<i>1. Checks on our Bank</i>		15961	50
<i>2. Clearing-House Checks</i>		11020	40
<i>3. Out-of-town Checks</i>		10892	80
<i>4. City Office Items</i>		350	
<i>5. Sundry Expense</i>		15	
<i>6. Balance to Clearing House</i>		95766	80
<i>7. Cash on hand</i>		134006	50

slight modifications, is representative of the paying teller's records in many large banks of the country.

As will be readily seen, all money paid out or received by the paying teller at the time of such disbursement or receipt is entered on this daily check sheet.

Recapitulation and Proof.—At the close of each day's business the paying teller prepares the proof, showing the character and condition of the cash on hand, and the receipts and disbursements during the day. The items of this proof may be explained as follows:

Receipts

1. Balance on hand from the previous day's proof.
2. Bills and coin received from the receiving teller at the close of the previous day's business.
3. Bills and coin received from the note teller at the close of the previous day's business.
4. Cash transferred from the receiving teller during the day.
5. Receipts for collection and exchange.
6. Receipts for the sale of drafts.
7. Balance (if any) paid by the clearing house.

The clearing-house balance may appear on either side of the paying teller's proof sheet. If the amount of the checks, drafts, etc., taken to the clearing house is greater than the amount of checks received there, the clearing house pays the settling bank the difference, and the amount is counted among the receipts on the paying teller's proof. If the amount of the checks received at the clearing house is greater than the amount of checks brought, the bank settling pays the clearing house the difference, and this amount is counted among the payments on the paying teller's proof.

Payments

The items on this side are self-explanatory, since they are merely the footings of the payments on the check sheet summarized. The cash on hand is the total bills and coin in the possession of the paying teller at the close of the day's business. These bills and coin are generally classified as follows:

- | | |
|-------------------------|----------------------------|
| 1. National bank notes. | 5. Silver certificates. |
| 2. Gold coin. | 6. Legal-tender notes. |
| 3. Gold certificates. | 7. Subsidiary silver coin. |
| 4. Silver dollars. | 8. Minor coin. |

The Duties of the Paying Teller may be specified as follows:

1. He is the custodian of the cash, and the general disbursing officer of the bank.
2. He cashes checks presented by customers and others.
3. He certifies the checks of customers.
4. He may sell bank drafts.

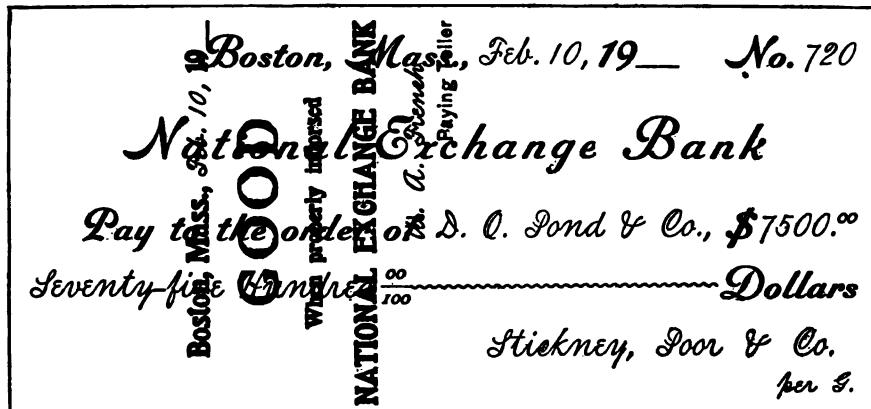
The paying teller's position is charged with more responsibility than that of any other person in the bank, except the officers. He must be a man of the strictest integrity, possessed of tact, and thoroughly conversant with the laws governing bank checks and drafts. His most responsible duty is to see that no money is paid out improperly. Among the many things that he should have in mind when checks are presented the most important may be stated as follows:

1. Signatures of customers.
2. New signatures, powers of attorney, notices stopping payments of checks, etc.
3. Definite knowledge of the parties presenting vouchers.
4. Average balances of customers, so that overdrafts may be prevented.

When checks, etc. are received the paying teller should note:

1. That they are properly dated.
2. That they are indorsed.
3. That the amounts written in words agree with the amounts written in figures.

Form of Certified Check



The Certified Check Book.—The paying teller preserves a record of all checks certified, in a book kept especially for this purpose. From

this book the customer is charged in the individual ledger and Certified Checks credited. The following is the usual form of this book.

Certified Check Book

DATE CERTIFIED	DRAWER OF CHECK	FOR WHOM CERTIFIED	CK.	AMOUNT OF CHECK	WHEN PAID	AMOUNT PAID
19 Feb. 15	D. B. Roberts	D. B. Roberts	✓	5000		
15	Thos. Bennett & Co.	M. D. Borrows	✓	1750		
15	Spencer, Mead & Co.	W. W. Bennett	✓	2000		
			✓	8750		
Feb. 16	W. I. Pratt	W. I. Pratt	✓	1500		
16	J. O. Baker	Elwood & Sperry	✓	2000		
16	Decker Bros.	Reardon & Smith	✓	7249	20	
16	F. E. Sherman	F. E. Sherman	✓	1500		
			✓	12249	20	

TRANSACTIONS FOR THE PAYING TELLER, MARCH 1

Take the blank for paying teller's daily check sheets and enter the following transactions. Study very carefully the form given on pages 324 and 325. Consult your teacher if you need to.

1. Checks on our bank paid to-day are as follows:

Charles J. Kennedy (New York draft), \$420.75; F. E. Sherman, \$1200; Powers & Sprague, \$1000; Lane, Rowell & Co., \$300; Wyckoff, Seamans & Benedict, \$450; Janis, Cooper & Tremper, \$1500; Fields Milling Co., \$500; J. O. Baker, \$1049.75; W. I. Pratt, \$725.

2. Checks on clearing-house banks paid to-day are as follows:

Bunker Hill National Bank, \$920; Suffolk National Bank, \$750; Colonial National Bank, \$609.05; Shoe and Leather Bank, \$500; Third National Bank, \$400; Metropolitan National Bank, \$725; Eliot National Bank, \$1250.40; Citizens National Bank, \$4120.40; Park Square National Bank, \$2140.50; New England National Bank, \$1440.50.

3. Checks on out-of-town banks paid to-day are as follows:

Manufacturers and Traders Bank, Philadelphia, \$700.50; collection, 75¢. Bank of Commerce, Baltimore, \$1300; collection, \$1.25. Fourth National Bank, Hartford, \$3250; collection, \$3. Farmers Bank, Albany, \$1500; collection, \$1.50.

4. Checks on banks in our city not members of the clearing house, paid to-day, are as follows:

Union Trust Co., \$300; Powers Bank, \$572.50.

Sold the following drafts on Chemical National Bank, New York.

1. Sold for cash:

Frey & Thomas Co., \$1500; exchange, \$1.50. David Gray, \$500; exchange, 50¢. Charles M. Miner, \$750; exchange, 75¢.

2. Sold for check:

Charles J. Kennedy, \$420.50; exchange, 25¢.

Enter the above on the paying teller's daily check sheet.

Open the certified check book. There is but one unpaid check, as follows: check of Wyckoff, Seamans & Benedict, dated Feb. 23, certified for Elliot Mfg. Co., \$17,500.

Draw a double red line immediately under this amount, so that it will not be counted when the certified checks for to-day are footed.

Certify the following checks: J. H. Crandall, \$1200; C. E. Denison, \$500; W. I. Pratt, \$600.

Enter the above in the certified check book.

Pay cashier's charge ticket for 2 tons of coal, \$9.50.

The items for the *Sundry Receipts* column are as follows:

Bills and coin from yesterday's proof, \$206,710.81; bills and coin received from the receiving teller at the close of yesterday's business, \$15,280.45; bills and coin received from the receiving teller during the day, \$2900; bills and coin received from the note teller at the close of yesterday's business, \$5504.40; received from the clearing house for to-day's exchanges, \$31,863.11.

Add the columns of the paying teller's daily check sheet. Make out the *Recapitulation and Proof* blank. A careful count of the cash now on hand under various heads (subdivisions of bills and coin only) shows an amount of \$237,804.92.

Foot the certified check book. Submit your paying teller's records to your teacher for approval.

NOTE. — The paying teller makes out his proof before the cash from the receiving teller and note teller has been turned over to him. After the receiving teller and note teller respectively make their proofs they turn over the balance of cash in their hands to the paying teller. These amounts appear on the paying teller's proof on the day following.

WORK OF THE NOTE TELLER

The **Duties** of the note teller are difficult to define, since there is a wide difference among banks as to the work assigned to this clerk. In nearly all banks, however, he is required to present for payment such notes, acceptances, coupons, etc., as are due and payable in the city,

and to collect the city office items turned over to him at the close of each day by the receiving teller, paying teller, and correspondence clerk.

The **Runners** of the bank are generally under the supervision of the note teller. These runners are assigned a definite route, which they cover daily, and present for payment or acceptance such paper as may be allotted to them. They keep a *route book*, in which is recorded a full description of such paper.

The Note Teller's Records. — As a rule the charge and credit tickets, letters, or other memoranda which affect the general ledger, the credit tickets for the proceeds of bills discounted, and collection items for the individual ledger pass through the note teller's hands before reaching the general and individual bookkeepers. To make this work as simple as consistent with approved banking practice, we have deviated from this plan to the extent of deferring these items until the enumeration of the memoranda for the general and individual bookkeepers' transactions is given on subsequent pages. The note teller's daily check sheets and proofs will therefore be omitted. The sagacious student, however, would soon perceive the offices and possibilities of these sheets in banks making use of them.

Charging Notes to Out-of-Town Banks. — Notes and drafts discounted, payable out of town, are usually sent away for collection about ten days before they are due. At the maturity of these notes and drafts they are charged to the banks to which they are remitted, without waiting for letters advising collection.

Each morning the discount clerk takes the bills discounted, payable in the city and falling due on that particular day, from the note file and compares them with the items listed on the discount tickler, after which they are handed to the note teller for collection. As the paper is disposed of a record is made in the *Remarks* column of the discount tickler.

Make the proper records in the discount tickler for the paper disposed of to-day. In the *Remarks* column write:

For No. 889, *Charged to Pratt.*

For No. 866, *Charged to Traders National.*

For No. 842, *Charged to Traders National.*

For No. 893, *Certified, M. N. B.*

For No. 901, *Certified, E. N. B.*

NOTE. — Nos. 866 and 842 will be charged to the banks specified at their face. It is customary with banks not to make any record of collection and exchange on such items until the bank to which the notes were remitted sends notice of collection.

Rule and foot the discount tickler. (See model, pages 308 and 309.)

Each morning the collection clerk proceeds, in much the same manner as the discount clerk, to turn over to the note teller the collections payable in the city and falling due on any particular day. As this paper is disposed of a record is made in the *Remarks* column of the collection tickler.

Make records in the collection tickler for the paper disposed of to-day. In the *Remarks* column write:

For No. 744, *Paid, 3/1.*

For No. 755, *Paid, 3/1.*

Collections are not charged to the banks to which they are sent until a report of collection has been received. Farmers Bank, Albany, reports that collections 650 and 702 have been paid and placed to the credit of your account. In the *Remarks* column of the collection tickler write:

For No. 650, *Charged Farmers Bank, 3/1. Bank's collection, \$1.75; our collection, 75¢.*

For No. 702, *Charged Farmers Bank, 3/1. Bank's collection, \$1.20; our collection, \$3.*

Form of Letter advising of Collections Credited

JOHN O. NORRIS, President

L. H. PIERSON, Cashier

ROBERT HALL, Vice President

NATIONAL EXCHANGE BANK

ALBANY, N.Y., Feb. 12, 19—

MR. CHAS. W. HAMILTON, Cashier

MERCHANTS NATIONAL BANK

BOSTON, MASS.

DEAR SIR,—We credit your account this day for the proceeds of collections as stated below.

Respectfully yours,

L. H. PIERSON, Cashier

YOUR NO.	PAYER	AMOUNT	CHARGES		PROCEEDS	
			2	50	798	50
720	E. C. Mills	800				
716	W. E. Grey	900	2	50	897	50
692	C. C. Bond	750	1	50	748	50
710	W. D. Long	500	1	25	498	75
		2950	7	25	2442	75

WORK OF THE CORRESPONDENCE CLERK

The province of this clerk is to keep the accounts of all the out-of-town banks with whom we have dealings. All cash items received from or sent to these banks are handled by this clerk, and so kept entirely separate from the items received for collection by the collection clerk.

Checks and sight drafts received on deposit, which are payable out of town, are remitted to our correspondents (out-of-town banks with whom we have regular dealings) the same as cash.

Sometimes the collection clerk handles checks on out-of-town banks and sight papers payable out of town. If any paper is received for collection, it should be turned over to the collection clerk, entered in the collection register, and transferred to the collection tickler. If any paper is received on deposit, it should be turned over to the correspondence clerk and entered in the remittance register to the credit of the bank making the remittance.

Remittance Register and

Chemical National

DATE OF TRANSACTION	C. B. FOLIO	EXPLANATION OF TRANSACTION	DESCRIPTION OF REMITTANCE ITEMS	
			INDORSER	PAYER
Feb.	2	Balance		
	3	Remitted for credit	F. E. Sherman	A. B. Lyman
		Remitted for credit	C. E. Denison	Ruggles & Co.
		Remitted for credit	Powers & Sprague	Filens & Co.
	41	Remitted for credit	Fernald, Son & Co.	Moore & Freeman
	3	41 Discount No. 590, charged		
	3	40 Total items received for credit		
	4	41 Discount No. 565, charged		
	4	40 Total items received for credit		
	4	40 Drafts per draft register		

Remittance Register and Out-of-Town Banks Ledger. — This book contains a record of all transactions with out-of-town banks. It serves the double purpose of registering remittances and giving a full and detailed ledger account of all out-of-town banks. The aggregate balances of the accounts in this book should at all times agree with the balance of Out-of-Town Banks account in the general balance ledger.

The following are the balances shown on the remittance register at the present time.

	<i>Dr.</i>	<i>Cr.</i>
Traders National Bank, Buffalo	\$2754.90	
Manufacturers and Traders Bank, Philadelphia		\$1472.20
Bank of Commerce, Baltimore	3240.95	
Fourth National Bank, Chicago	15219.65	
Ninth National Bank, Hartford	3752.60	
Chase National Bank, Providence	7572.20	
Chemical National Bank, New York	75920.50	
Farmers Bank, Albany		648.90
Alliance National Bank, Springfield	5214.90	
First National Bank, New York (Approved Reserve Agent)	162240.70	

Enter the above balances in the remittance register, one account to a page. The amounts of all balances in this book are written in red ink.

Out-of-Town Banks Ledger
Bank, New York

CHARGED			LEDGER STATEMENT OF THE ACCOUNT			
WHERE PAYABLE	DATE OF PAPER	AMOUNT	DEBIT BALANCES	CHARGES	CREDITS	CREDIT BALANCES
Your bank	Feb. 1	500 90	1490 60			
Ninth National	1	650				
Traders Nat'l, Brooklyn	2	750				
Second National	2	920				
			2820 90			
			7500 10320	90		
			9115 75			
			1000			
				2605 75		
				3820 90		
				6590 10210	90	
					95 15	

This morning's mail contained the following amounts from the banks named, for credit. Enter the amounts in the remittance register, being very careful to record everything correctly. Study the accompanying model. Only the total remittances are given below, since the items need not be recorded in the remittance register. The letters containing an itemized statement of this paper are filed for reference, and may be

examined whenever it is necessary to look up any of the details relating to any particular remittance.

Traders National Bank, Buffalo	\$1142.90
Bank of Commerce, Baltimore	1642.95
Fourth National Bank, Chicago	4694.25
Chemical National Bank, New York	560.20
Manufacturers and Traders Bank, Philadelphia	4500
Chase National Bank, Providence	1721.42
Farmers Bank, Albany	4921.62
Alliance National Bank, Springfield	3752.88

Form of Letter advising Remittance of Cash Items for Credit

HENRY L. MILLER, President

GEO. A. DUNKLE, Vice President

G. W. WILLIAMS, Cashier

Manufacturers and Traders Bank

Philadelphia, Pa., Feb. 27, 19—

Mr. E. C. Paige, Cashier

Commercial National Bank
Boston, Mass.

Dear Sir,—Please find herewith for CREDIT to our account the items listed below.

DATE	DRAWEE	ITEMS		AMOUNT CHARGED	
		ITEMS	AMOUNT CHARGED	ITEMS	AMOUNT CHARGED
Feb. 24	City National, Cambridge	750			
23	Your Bank	240			
25	Old Colony National	600	90	1590	90

Very respectfully yours,

J. W. Williams, Cashier

The following are the drafts drawn on Chemical National Bank, New York, as per stubs in the draft book.

No. 430, \$1500; No. 431, \$500; No. 432, \$750; No. 433, \$420.50.

Enter the foregoing drafts in the draft register. Foot the draft register and credit Chemical National Bank in the remittance register for the total. Check the amount transferred.

The Draft Register.—Bank drafts are taken from a book resembling an ordinary check book. They are in reality checks of one banking institution upon another banking institution. In due time they find their way to the banks upon which they are drawn; they are charged to the banks drawing them, and then returned in much the same manner as the checks of resident depositors. These drafts are transferred from the draft book to the draft register,—a blank provided with two columns, one for the numbers, and one for the amounts of the drafts. At the close of the day the draft register is footed, and the total compared with the footing of the draft column of the paying teller's daily check sheet, and posted to the remittance register.

Draft Register

Drafts on Chemical National Bank New York City

DATE	CK.	NO.	AMOUNT	DATE	CK.	NO.	AMOUNT
Feb. 15	v	325	750				Fwd. 2201 80
15	v	326	250 50	Feb. 16	v	335	800
15	v	327	500 45	16	v	336	508 20
15		328	499 55	16	v	337	600
15	v	329	1500	16	v	338	54
15	v	330	750				4164
		v	4250 50				
Feb. 16	v	331	720				
16		332	280 40				
16	v	333	500 40				
16	v	334	700 50				
	Fwd.	2201	80				

Special Agents or Correspondents. — A bank does not enter into business relations with every individual bank from which checks and drafts may be received. In the course of a month a large bank would have paper for collection payable at many hundred banks located at different points throughout the country. To send this paper to the various banks upon which it is drawn would be most inconvenient as well as expensive. To obviate this, banks have special agents or correspondents located at convenient centers through which it makes its collections. This arrangement simplifies the whole business of collecting paper and reduces the correspondence of the bank to a minimum.

We have this day made the following remittances to out-of-town banks for credit. (See form for remittance letter, page 334.)

To Traders National Bank, Buffalo.

Check of Bates, Torey & Co., dated Feb. 26, on Second National Bank, Buffalo, indorsed by Spencer, Mead & Co., for \$1340.20; check of A. B. Murray, dated Feb. 25, on Central Bank, Rochester, indorsed by Manufacturers and Traders Bank, Philadelphia, for \$1321.72; draft of First National Bank, Worcester, dated Feb. 25, on Traders National Bank, Buffalo, indorsed by Alliance National Bank, Springfield, for \$722.40.

To Bank of Commerce, Baltimore.

Check of F. E. Barry, dated Feb. 25, on Commercial Bank, Baltimore, indorsed by Spencer, Mead & Co., for \$342.90; check of M. E. Gay, dated Feb. 24, on Bank of Commerce, indorsed by Alliance National Bank, Springfield, for \$142.16.

To Fourth National Bank, Chicago.

Check of A. B. Tonner, dated Feb. 23, on First National Bank, St. Louis, indorsed by Alliance National Bank, Springfield, for \$1721.95; check of D. O. Manning, dated Feb. 23, on Commercial Bank, Cincinnati, indorsed by Farmers Bank, Albany, for \$122.75; check of F. W. Wayne & Co., dated Feb. 23, on Union Bank, Minneapolis, Minn., indorsed by Farmers Bank, Albany, for \$1420.50.

To Chemical National Bank, New York.

Check of C. E. Bolles, dated Feb. 23, on Eliot National Bank, Poughkeepsie, indorsed by Spencer, Mead & Co., for \$1343.46; check of Morton & Mills, dated Feb. 21, on City National Bank, Peekskill, indorsed by Thomas Bennett & Co., for \$1325.62; check of D. E. Brown, dated Feb. 21, on Second National Bank, Brooklyn, indorsed

by Thomas Bennett & Co., for \$1462.91; check of Earl & Henderson, dated Feb. 20, on Merchants Bank, Paterson, indorsed by Thomas Bennett & Co., for \$142.10; check of A. B. King, dated Feb. 24, on Rockland National Bank, Brooklyn, indorsed by E. L. Howard, for \$142.60.

To Alliance National Bank, Springfield.

Check of C. W. Gray, dated Feb. 24, on Bay State Bank, Worcester, indorsed by C. E. Denison, for \$1590.60; check of C. H. Thurber, dated Feb. 26, on Alliance National Bank, Springfield, indorsed by E. L. Howard, for \$1121.40; check of W. H. Greeley, dated Feb. 24, on National City Bank, Northampton, indorsed by E. L. Howard, for \$24.16.

To Ninth National Bank, Hartford.

Check of Jones Dairy Co., dated Feb. 23, on City Bank, Hartford, indorsed by E. V. Buckley & Son, for \$621.40; check of Oak Grove Creamery Co., dated Feb. 23, on Citizens Bank, Torrington, indorsed by E. V. Buckley & Son, for \$340.

To Chase National Bank, Providence.

Check of C. F. Gray, dated Feb. 21, on Second National Bank, Providence, indorsed by Fourth National Bank, Chicago, for \$1694.25; check of E. C. Delano, dated Feb. 21, on Union Bank, Providence, indorsed by Fourth National Bank, Chicago, for \$1500; check of C. A. Snow, dated Feb. 20, on Union Bank, Providence, indorsed by Alliance National Bank, Springfield, for \$1166.37.

To Farmers Bank, Albany.

Check of F. E. Smith, dated Feb. 23, on Central Bank, Troy, indorsed by Fernald, Son & Co., for \$1750; check of Crescent Mfg. Co., dated Feb. 24, on Commercial Bank, Utica, indorsed by W. I. Pratt, for \$1900.

Enter the above paper in the remittance register, showing each item in detail. The letters containing a description of this paper are sent away, and unless we take a copy of such letters we have nothing to show in detail the amounts of our remittances from time to time.

The note teller has advised you, by means of charge tickets, of the following debits to out-of-town banks.

Traders National Bank, Buffalo, note for \$5000 (discount No. 842); Traders National Bank, Buffalo, note for \$7500 (discount No. 866); Farmers Bank, Albany, proceeds of collection No. 650, \$723.25; Farmers Bank, Albany, proceeds of collection No. 702, \$1198.80.

Enter the foregoing items in the remittance register. Consult your teacher if necessary.

Form of Charge Ticket

<i>The Traders National Bank</i>			
<i>Boston, Mass., June 2, 19—</i>			
<i>Charge</i>			
<i>Chemical Nat'l Bank, A.Y.</i>	#750	7500	
<i>Mechanics Nat'l Bank, Buffalo</i>	#695	725	50

E. Q. Burilli,
Discount Clerk

On a line with the last item entered extend the balances for all the accounts in the remittance register. Note particularly the two columns for balance. The debit balances are written on the left and the credit balances on the right in red ink. (See model, pages 332 and 333.)

Present your remittance register to your teacher for approval.

WORK OF THE INDIVIDUAL BOOKKEEPER

The work of this clerk is to be found in the individual ledger.

The **Individual Ledger** contains all the accounts with depositors. It is a book of original entry for the various cash transactions which affect these accounts, the entries being made directly from the deposit tickets, checks, charge and credit tickets, etc.

The names of the depositors should be written in alphabetical order. Many large banks have a line of depositors that they can count upon as regular and permanent, and in such cases have the names of these depositors printed in the individual ledger when the book is made, a few blank lines being left after each letter for any additional accounts which it may be found necessary to open from time to time.

At the close of each day's business the columns of this book are footed and proved. The totals of the *Deposits* and the *Total Checks* columns are transferred daily to the debit and credit sides of the general

cash book, crediting and debiting Deposits. The total of the *Balance* column shows the total amount on hand to the credit of depositors and should at all times agree with the balance of the account with deposits in the general balance ledger.

Individual Ledger

NAME	BALANCE	MONDAY, FEB. 15, 19					TUESDAY, FEB. 16, 19				
		CHECKS IN DETAIL		TOTAL CHECKS	DEPOSITS	BALANCE	CHECKS IN DETAIL		TOTAL CHECKS	DEPOSITS	BALANCE
		42	16				600				
Andrews, E. B.	11258 20	110	38	171	74	150	11236	46	1400	2000	9236 46
		100					16	40			
		500					249	80			
Bennett, D. W.	12301 85	400		1000		1200	12501	85	750	20	1016 40
							278	10			
							721	90	1000		1750
Comer, Geo. A.	6619 99					2400	9019	99			9769 99
Ernst Mfg. Co.	18044 54	4500	07	4500	07	175	90	13720	37	4000	
		10	76					258	80	4258	80
		238	49					42	11		
Freeman & Co.	4812 00	628	70	877	95	500	6334	65	125	60	
								720		887	71
										2887	71
Goodwin & Co.	1219 60						90				8334 65
							225				
Jennings, C. W.	9216 40	750		750			1219	60	75		
								90		390	
								124	40		
								1125	60	1340	
										2340	50
											9466 00
Moore, Geo. R.	7216 25	900		1000		c 500	9216	25	42	60	
						2500		321	80		
								250	60	615	
Rowell & Lane	621 50	150		200		175	596	50	292	10	
								500			
Smith & Seamans	7360 90	962	10	2212	10	p 1119	40	7728	20	1192	10
		1250				1460		400		c 192	10
										6728	20
Wilson, D. O.	6510 50					1400	7910	50			
											7910 50
Certificates of Deposit	750					1750	2500		500		
		300									2000
		500									
Certified Checks	2400					1000	1900		250		
		700									1650
Cashier's Acct.						1500	1500				
											1500
Total Balances	93332 33	12211	86	✓ 12211	86	✓ 17730	30	93850	77	13450	01
								13450	01	✓ 13517	61
											93936 87
Total Overdrafts											18 50
Net Balances											93918 37

The accounts in the individual ledger for the last business day show the following balances.

Decker Bros., \$12,486.18 ; Mace, Gilmore & Co., \$19,874.15 ; Spencer, Mead & Co., \$28,652.90 ; D. B. Roberts, \$752.91 ; E. L. Howard, \$11,216.94 ; Fernald, Son & Co., \$21,724.92 ; Thomas Bennett & Co., \$12,172.41 ; W. I. Pratt, \$7296.84 ; D. E. Avery, \$15,162.40 ;

J. H. Crandall, \$74,652.40 ; C. E. Denison, \$16,240.90 ; Freeman, Austin & Co., \$11,200.50 ; C. E. Selover & Co., \$19,200 ; Lane, Rowell & Co., \$37,500.06 ; F. E. Sherman, \$12,172.45 ; Wyckoff, Seamans & Benedict, \$77,314.31 ; E. V. Buckley & Son, \$24,214.93 ; J. O. Baker, \$51,342.40 ; Powers & Sprague, \$15,294.63 ; Janis, Cooper & Tremper, \$37,582.69 ; Charles J. Kennedy, \$45,272.75 ; Fields Milling Co., \$14,352.90 ; Certified Checks, \$17,500 ; Certificates of Deposit, \$5000 ; Cashier's Checks, \$2000 ; Total, \$590,180.57.

Open the above accounts in the individual ledger in alphabetical order, one account to a line, after which present your ledger to your teacher for approval.

The Individual Bookkeeper's Duties may be briefly referred to as follows:

1. He takes charge of the bank's accounts with depositors.
2. He meets depositors and answers questions with reference to their accounts.
3. He writes up the depositors' pass books.

In large city banks there are frequently many thousand accounts with depositors, and the individual ledger is necessarily subdivided, a section of accounts being given to each of the several individual bookkeepers employed.

NOTE.—The student should remember that the assignment of work to the various clerks of a bank would necessarily differ with different banking institutions. In the smaller banks one clerk would fill offices that in larger banks would be assigned to several clerks, while in the largest banks of the country the work of many of the departments would be subdivided among different clerks.

TRANSACTIONS FOR THE INDIVIDUAL BOOKKEEPER, MARCH 1

The individual ledger being a book of original entry, the bookkeeper in charge of this department usually makes the entries directly from the deposit slips, checks, charge and credit tickets, etc., passed on to him by the receiving teller, paying teller, note teller, and correspondence clerk.

The deposits from customers for to-day may be found in the *Amount Credited* column of the receiving teller's daily check sheet. Enter these deposits in the *Deposits* column of the individual ledger. Place a check mark by the side of the customer's account on the receiving teller's sheet.

The note teller has turned over credit tickets for the proceeds of the following paper collected for customers to-day : Nos. 650, 702, 744, and 755.

Enter the proceeds of these collections in the *Deposits* column of the individual ledger. The amounts are shown by the records in the

collection tickler. Be sure to deduct all collection charges. Check the items transferred.

Straight deposits require no explanation in the individual ledger, but discounts and collections are generally designated by writing *D* and *C* respectively before the amounts. (See model individual ledger, page 339.)

<i>Commercial National Bank</i>			
<i>Credit</i>		<i>Boston, Mass., Feb. 25, 19—</i>	
<i>NUMBER OF COLLECTION</i>	<i>ACCOUNT TO BE CREDITED</i>	<i>PROCEEDS</i>	
720	Wyekoff, Seamans & Benedict	962	50
690	J. Q. Baker	712	90
710	Powers & Sprague	841	20

*John H. Armistead,
Collection Clerk*

Credit tickets have also been received from the note teller for paper discounted for customers to-day.

Enter the proceeds of these notes in the *Deposits* column of the individual ledger. Refer to the discount register for the amounts. Check the items transferred.

The total of the checks certified for to-day, as reported by the paying teller, is \$2300. Enter the amount in the *Deposits* column, opposite Certified Checks. Check the amount in the certified check book.

Checks of depositors have been received by the paying teller and turned over to the individual bookkeeper, as shown in the *Our Bank* column of the paying teller's daily check sheet. Enter these items in the *Checks in Detail* column of the individual ledger opposite the names of the drawers. Check the items transferred.

Charge tickets have been received from the paying teller on account of certified checks. Refer to the certified check book for the amounts of these tickets. Enter the amounts in the individual ledger the same as regular checks. Check the items transferred.

Checks of depositors have been received by the receiving teller, entered on his check sheets, and turned over to the individual bookkeeper. A list of these checks, with the names of the drawers, is as follows:

Mace, Gilmore & Co., \$720.50, \$1500; Decker Bros., \$1250.20; Spencer, Mead & Co., \$340.20; Fernald, Son & Co., \$72.60; W. I. Pratt, \$650.60; F. E. Sherman, \$1625; C. E. Denison, \$1750; Thomas Bennett & Co., \$200, \$1242.10; E. L. Howard, \$40.50; Charles J. Kennedy, \$200, \$262.90.

Enter the above items in the *Checks in Detail* column.

The note teller has turned over a charge ticket for discount No. 889. Refer to the discount tickler for the amount. Check the item transferred.

The following depositors' checks have come in from the clearing house.

D. E. Avery, \$625, \$127.52; J. O. Baker, \$1275; Thomas Bennett & Co., \$2500; E. V. Buckley & Son, \$115.40; J. H. Crandall, \$462.50; Decker Bros., \$1200, \$750.42, \$500; Freeman, Austin & Co., \$1750; E. L. Howard, \$75.40; Charles J. Kennedy, \$400.60; Mace, Gilmore & Co., \$120, \$40.50; D. B. Roberts, \$22.40; Wyckoff, Seamans & Benedict, \$167.50, \$125; F. E. Sherman, \$750, \$211.40, \$600.

Enter the above in the *Checks in Detail* column.

The correspondence clerk has turned over the depositors' checks received from out-of-town banks. Enter them in the *Checks in Detail* column.

Spencer, Mead & Co., \$650; Fields Milling Co., \$850; Janis, Cooper & Tremper, \$560; Lane, Rowell & Co., \$721.42; Powers & Sprague, \$1000.

Extend the sum of the checks drawn by each depositor into the *Total Checks* column of the individual ledger. Foot the *Checks in Detail*, *Total Checks*, and *Deposits* columns. The sum of the *Total Checks* column should agree with the sum of the *Checks in Detail* column. Determine the new balance to the credit of each depositor by adding the deposits and subtracting the total checks for the day. Enter the new balance in the *Balance* column for March 1. Foot the *Balance* column.

Prove the correctness of the individual ledger as follows:

Add the total deposits for to-day to the total balances for yesterday. From this sum subtract the total checks for to-day. If no error has been made, the difference so found should be the same as the total balances for March 1.

Present your individual ledger to your teacher for approval.

WORK OF THE GENERAL BOOKKEEPER

The records of the general bookkeeper are principally found in the general balance ledger and general cash book.

The General Balance Ledger contains a summary of the entire operations of the bank, systematically collated from the various departments. It is provided with three columns for each business day in the week. The first column contains the balances of the various accounts. The debit balances are written in black ink, and the credit balances in red ink. It is a regular double entry ledger; therefore the total of the red ink balances should at all times equal the total of the black ink balances. The next two columns are for daily debit and credit additions to the accounts in this ledger. Among the advantages of this form of ledger over the old form of mercantile ledgers are:

1. It furnishes more convenient data for preparing the daily statement of the bank.
2. It requires less clerical work.
3. It serves the purpose of a trial balance.

General Balance Ledger

	Monday, Feb. 5, 19—					
	BALANCE	DEBITS		CREDITS		BALANCE
Cash	281690 28	76665	90	58665	90	299690 28
Out-of-Town Banks	121200 72	75240	16	81240	16	115200 72
Bills Discounted	129840 30	32500		32129	84	130010 46
Redemption Fund	4500					4500
Furniture and Fixtures	6000					6000
Premium on U.S. Bonds	2000					2000
Real Estate	7500					7500
Expense	240	50	04			290 04
U.S. Bonds	100000					100000
Capital Stock	200000					200000
Circulation	100000					100000
Collection and Exchange	2902 34			120 10	3022 44	
Deposits	230008 57	72840	10	84840	10	242008 57
Surplus Fund	100000					100000
Undivided Profits	12500 75					12500 75
Discount	7359 64			300 10	7659 74	
	652771 30					665191 50
	652771 30	257296	20	257296	20	665191 50

The General Cash Book contains a record of all amounts affecting the general balance ledger of the bank. Any account that does not appropriately belong to the special books already referred to is recorded directly in this book. It is not essentially different from the cash book used by mercantile houses. The left side is provided with four

General

Monday.

F	ACCOUNT AND EXPLANATION	COLLEC- TION AND EXCHANGE	OUT-OF- TOWN BANKS	GENERAL	TOTALS
	Balance	On hand			162940 .50
3	Bills Discounted	D. T.		12000	
✓	Alliance Nat'l Bank, Springfield		2400 .50		
✓	Bank of Commerce, Baltimore, 1800. ⁰⁰ , 729. ⁴⁰		2529 .40		
✓	Farmers Bank, Albany, 200. ⁰⁰ , 821. ⁰⁰		1021		
✓	Fourth Nat'l Bank, Chicago		12000		
✓	Coll. and Exch.	Disc. R. 72 .40			
3	Interest and Discount	Disc. R.		270 .50	
✓	Coll. and Exch.	R. Teller 14 .50			
✓	Coll. and Exch.	P. Teller, 3. ⁰⁰ , 11. ²⁰ 14 .70			
✓	Coll. and Exch.	C. T., 1. ²⁰ , 2. ⁰⁰ , 1. ²⁰ 4 .75			
3	Deposits	I. L.		178240 .95	
3	Coll. and Exch.	Total for day 106 .35		106 .35	
3	Out-of-Town Banks	Total for day	17950 .90	17950 .90	208568 .70
					371509 .30

columns, one for collection and exchange, one for receipts from banks, one for sundry receipts, and one for totals. The right side is provided with three columns, one for cash remittances to banks, one for sundry payments, and one for totals.

The difference between the sides of this book should at all times show the balance of cash on hand.

The **General Bookkeeper** in a large bank occupies a position of special responsibility. He is the chief accountant of the bank, all the work in each of the several departments coming under his general supervision. Upon him devolves the work of classifying the general results of the bank and the rendering of statements required by the board of directors and by the regulations of the bank.

He usually has personal charge of the general cash book and the general balance ledger.

TRANSACTIONS FOR THE GENERAL BOOKKEEPER, MARCH 1

The general balance ledger exhibited the following balances at the close of Saturday, Feb. 27.

Cash Book

Feb. 15, 19—

F	ACCOUNT AND EXPLANATION	OUT-OF-TOWN BANKS	GENERAL	TOTALS
3	Bills Discounted	Disc. R.	12500	
✓	Alliance Nat'l Bank, Springfield	7500		
✓	Chemical Nat'l Bank, N.Y., 7240. ⁰⁰ , 2500. ⁰⁰	9740 50		
✓	Farmers Bank, Albany	7240 11		
✓	Chase Nat'l Bank, Providence, 120. ⁰⁰ , 400. ⁰⁰	520 50		
✓	Ninth Nat'l Bank, Hartford	162 40		
✓	Traders Nat'l Bank, Buffalo, 2500. ⁰⁰ , 320. ⁰⁰	2820 40		
3	Deposits	I. L.	152240 86	
3	Out-of-Town Banks	Total for day	27983 91	192724 86
	Paying Teller's Currency	166901. ⁴²		
	Balance { Clearing-House Checks on hand	11240. ⁷²		178784 34
	Cash Items (City and Foreign) on hand	642. ²⁰		
				371509 20

Credit Balances

Capital Stock	\$400000.
Circulation	200000.
Collection and Exchange	21275.10
Deposits	590180.57
Interest and Discount	16240.10
Surplus Fund	100000.
Undivided Profits	5728.14
Loss and Gain	
Protest Fees	

Debit Balances

Cash	\$238095.66
Bills Discounted	496722.50
Protested Paper	
Out-of-Town Banks	273795.30
Due from U.S. Treasurer	2000.
U.S. Bonds to secure Circulation	200000.
Salaries	4750.
Stocks and Bonds	62500.
Real Estate	27500.
Redemption Fund with the U.S. Treasurer	10000.
Furniture and Fixtures	12625.50
Premium on U.S. Bonds	4000.
Expense	214.95
Taxes	320.

Enter the above balances in the general balance ledger. Write the credit balances in red ink and the debit balances in black ink. When the accounts are properly opened ascertain if the footings of the debits and credits are equal. Present your work to your teacher for approval.

Write the balance of cash on hand, \$238,995.66, in the general cash book. (See model, pages 344 and 345.)

In practice the general bookkeeper would have before him charge and credit tickets, letters, etc., from which to make entries in the general cash book. These entries are generally made when the day's transactions have been completed. Then all the tickets can be assorted so that they may be recorded conveniently.

The debits and credits for the general cash book March 1 are as follows:

1. From the discount register debit Bills Discounted for the total of the *Amount of Paper* column, and credit Collection and Exchange for the total of the *Collection and Exchange* column, and Interest and Discount for the total of the *Interest and Discount* column. Properly check these totals in the discount register.

2. From the discount tickler credit Bills Discounted for the total of the *Amount to be Collected* column. Properly check the item transferred.

3. From the remittance register credit the several banks for the amounts in the *Credits* column, and debit them for the amounts in the *Charges* column. Properly check the items transferred.

If there is more than one item in the debit or the credit column, short extend the amounts in the general cash book.

4. From the individual ledger credit Deposits for the total of the *Deposits* column, and debit Deposits for the total of the *Total Checks* column. Properly check.

5. From the collection tickler credit Collection and Exchange for our collection charges on Nos. 650 and 702.

6. From the receiving teller's daily check sheet credit Collection and Exchange for the total of the *Collection and Exchange* column. Properly check.

7. From the paying teller's daily check sheet debit Expense for the total of the *Expense* column, and credit Collection and Exchange for the totals of the *Sundry Collection and Exchange* and *Exchange* columns. Properly check.

Prove the cash. The amount of bills and coin on hand is \$258,884.32. Clearing-house items on hand amount to \$26,205. Cash items (city and foreign) on hand amount to \$11,623.

Rule and foot the general cash book. Proceed carefully and make absolutely no errors. Study the model given on pages 344 and 345. Before bringing down your balance for Tuesday, March 2, present your general cash book to your teacher for approval and suggestions.

Post the general cash book to the general balance ledger. Post only the totals of the *Collection and Exchange* and *Out-of-Town Banks* columns. Debit Cash in the general balance ledger for the total receipts, and credit it for the total payments for the day.

Foot the *Debit* and *Credit* columns of the general balance ledger. If correct, they should agree. Determine the new balances in the general balance ledger. Foot these new balances. If correct, the red and black ink totals should agree.

Compare your balance ledger with the model given on page 343, and see if anything remains to be done. If not, present all your books to your teacher for criticism.

TRANSACTIONS FOR THE DISCOUNT CLERK, MARCH 2

The following paper has been offered and accepted for discount. Make proper records for it in the discount register. Deduct the discount for the time notes have to run.

No. 925. Note of Boyd Bros., at 60 days from Jan. 31, discounted for F. E. Sherman, payable at Manufacturers and Traders Bank, Philadelphia, for \$17,250. Collection and exchange, \$17.50. Proceeds credited.

No. 926. Note of Peterson Bros. & Co., at three months from Jan. 1, discounted for D. B. Roberts, payable at Fourth National Bank, Chicago, for \$11,390. Collection and exchange, \$11.50. Proceeds credited.

No. 927. Note of C. P. Jameson, at 15 days from March 1, indorsed by Janis, Cooper & Tremper, discounted for D. E. Avery, payable at our bank, for \$9275.80. Proceeds credited.

No. 928. Note of A. P. Little & Co., at 30 days from Feb. 23, indorsed by Merrill & Co., discounted for Fields Milling Co., payable at First National Bank, Worcester, for \$6290. Collection and exchange, \$6.30. Proceeds credited.

No. 929. Note of W. I. Pratt, at 30 days from March 2, payable at Merchants Bank, Torrington, Conn., indorsed by Wells, Osborn & Co., discounted for Charles J. Kennedy, for \$12,795. Collection and exchange, \$12.75. Proceeds credited.

No. 930. Note of Powers and Sprague, at 30 days from Feb. 24, discounted for Thomas Bennett & Co., payable at our bank, for \$3275. Proceeds credited.

No. 931. Note of W. V. Brown, at 30 days from Feb. 27, discounted for Spence, Mead & Co., payable at our bank, for \$1500. Proceeds credited.

Rule and foot the discount register. Prove the footings as explained at the close of discount clerk's work March 1.

Post the entries from the discount register to the discount tickler. Follow instructions to the discount clerk March 1. Be sure to properly check all items transferred.

TRANSACTIONS FOR THE COLLECTION CLERK, MARCH 2

The following is a list of paper received for collection to-day. Enter it in the collection register.

No. 806. Note signed by D. Appleton & Co., dated Feb. 8, at 30 days, indorsed by C. W. Ellis, payable at our bank, for \$7200. To be collected for Ninth National Bank, Hartford.

No. 807. Note signed by Scott & Lucas, payable two months from Jan. 4, at Park Square National Bank, City, for \$5162.50. To be collected for Fourth National Bank, Chicago.

No. 808. Note signed by Fanning & Cook, payable in 60 days from Jan. 4, at Union Trust Co., City, for \$2750. To be collected for Bank of Commerce, Baltimore.

No. 809. Draft dated Jan. 8, at 60 days from date, on Trenholm Bros., payable at Briggs Bank, Westfield, for \$2152.90. To be collected for Farmers Bank, Albany.

No. 810. Draft dated Jan. 8, at 60 days from date, on W. S. Stanton, Springfield, for \$1500. To be collected for Fourth National Bank, Chicago.

No. 811. Sight draft dated March 2, on Taylor Bros., City, in favor of Powers & Sprague, payable at our bank, for \$1950. To be collected for Powers & Sprague.

No. 812. Sight draft dated March 2, on William Sloan & Son, Poughkeepsie, in favor of Lane, Rowell & Co., for \$2750. To be collected for Lane, Rowell & Co.

No. 813. Sight draft dated March 3, drawn on E. C. Baldwin, Springfield, in favor of E. L. Howard, for \$1357.60. To be collected for E. L. Howard.

No. 814. Note of David Wells, at 30 days from Feb. 16, with interest at 6%, payable at our bank, for \$750. To be collected for J. H. Crandall.

Compute the interest on the \$750 for 30 days. Add this interest to the face of the note and write the total in the *Amount* column of the collection register. This should be done with all interest-bearing paper.

No. 815. Note of L. F. Chappell, payable at Fourth National Bank, Chicago, at three months from Jan. 1, for \$1250. To be collected for Thomas Bennett & Co.

No. 816. Note of W. B. Burdick, at two months from Jan. 27, with interest, payable at Merchants Bank, St. Louis, Mo., for \$2790. To be collected for Thomas Bennett & Co.

No. 817. Sight draft dated March 2, on Bradley & Co., Buffalo, N.Y., for \$290.50. To be collected for Thomas Bennett & Co.

No. 818. Sight draft dated March 1, on Winslow & Co., Rochester, N.Y., for \$375.62. To be collected for Decker Bros.

Post the collection register to the collection tickler. (See instructions to collection clerk, March 1.)

TRANSACTIONS FOR THE RECEIVING TELLER, MARCH 2

The following are the regular deposits for to-day. Enter them on the receiving teller's daily check sheet.

Wyckoff, Seamans & Benedict, √ \$1600, √ \$562, B \$2500, B \$750, B \$12,200.

Spencer, Mead & Co., √ \$1740, √ \$190, #61 \$400, #4 \$800, #16 \$1290.

D. E. Avery, B \$14,270, B \$640.70, × \$1162.95, × \$1436.52, × \$1349.20; less collection, \$4.15.

J. O. Baker, √ \$11,400, √ \$45, B \$1600, B \$9250, B \$5450, × \$1400; less collection, \$1.40.

Thomas Bennett & Co., √ \$240, √ \$60, #7 \$1950, #9 \$2325, #15 \$1600, O \$400.

J. H. Crandall, × \$2400, × \$1500; less collection, \$4.

Decker Bros., √ \$3700, B \$5210, O \$900, × \$4500, less collection, \$4.50.

Freeman, Austin & Co., #21 \$2145, #27 \$1360.

E. L. Howard, √ \$2400, B \$3262.90, B \$3040.50, B \$6200.

Janis, Cooper & Tremper, \$1500, B \$1100, B \$2400, #3 \$1140.60, #27 \$11,000.

Charles J. Kennedy, #17 \$2410, \$4000, × \$1621.40; less collection, \$1.65.

Mace, Gilmore & Co., O \$1100, B \$6270, × \$1125.60, # 25 \$1460, # 31 \$1652; less collection, \$1.25.

Foot the columns of the receiving teller's daily check sheet. Make out *Recapitulation and Proof* blank. Balance on hand: coin, \$712; bills, \$18,000. You have given to the paying teller during the day \$8725. The debit and credit sides of your proof should always balance if the work is correct.

TRANSACTIONS FOR THE PAYING TELLER, MARCH 2

The following are lists of checks paid by the paying teller to-day. Enter them on the paying teller's daily check sheet.

1. Checks on our bank:

Wyckoff, Seamans & Benedict (New York draft), \$14,260; Spencer, Mead & Co. (New York draft), \$4500; F. E. Sherman (New York draft), \$3762.50; D. B. Roberts (New York draft), \$1000; Powers & Sprague, \$7265; W. I. Pratt, \$1217.50; Mace, Gilmore & Co., \$8290; Charles J. Kennedy, \$400; E. L. Howard, \$350; Freeman, Austin & Co., \$2790; Fields Milling Co. (New York draft), \$1400.

2. Checks on clearing-house banks:

Bunker Hill National Bank, \$1940; Suffolk National Bank, \$1875; Colonial National Bank, \$2750.06; Shoe & Leather Bank, \$2500; Third National Bank, \$400; Metropolitan National Bank, \$1700; Park Square National Bank, \$3400.60; Citizens National Bank, \$6250.50; Eliot National Bank, \$4000; New England National Bank, \$3257.

3. Checks on out-of-town banks:

Traders National Bank, Buffalo, \$17,500, \$750, and \$1600; collection, \$19.85. Bank of Commerce, Baltimore, \$400, \$1450, and \$1725; collection, \$3.60. Manufacturers and Traders Bank, Philadelphia, \$8500; collection, \$8. Fourth National Bank, Chicago, \$4685; collection, \$4.75. Chase National Bank, Providence, \$4500.50; collection, \$4.50. Ninth National Bank, Hartford, \$3250; collection, \$3.25. Chemical National Bank, New York, \$1100, \$2500, \$1650, \$9250; collection, \$14.50. Eliot National Bank, Springfield, \$4792.50; collection, \$4.60.

4. Checks on banks in our city not members of the clearing house:

Powers Bank, \$172.50; Union Trust Co., \$150.

Sold the following drafts on Chemical National Bank, New York.

1. Sold for check:

Wyckoff, Seamans & Benedict, \$14,260; exchange, \$14.25. Spencer, Mead & Co., \$4500; exchange, \$4.50. D. B. Roberts, \$1000; exchange, \$1. Fields Milling Co., \$1400; exchange, \$1.40. F. E. Sherman, \$3762.50; exchange, \$3.75.

NOTE. — The exchange items on the above drafts were, in this instance, paid in cash. The record on the paying teller's sheet will be identically the same as where these items are covered by check. By referring to the checks covering these drafts on the left side of the sheet it will be seen that the amounts entered are for the face of the drafts only.

2. Sold for cash:

A. L. Hopkins, \$2000; exchange, \$1. T. V. Smith, \$1500; exchange, 75¢.

Certified the following checks. Enter them in the certified check book.
Lane, Rowell & Co., \$11,250; Charles J. Kennedy, \$7295; Decker Bros., \$1254; J. O. Baker, \$9265.

Pay cashier's charge tickets for the following items:

Postage, \$12.50; stationery, etc., \$25.90; blank books, \$142.60.

The items for the *Sundry Receipts* column are as follows:

Bills and coin from yesterday's proof, \$237,804.92; bills and coin received from the receiving teller at the close of yesterday's business, \$11,747.25; bills and coin received from the receiving teller during the day, \$8725; bills and coin received from the note teller at the close of yesterday's business, \$9332.15; received from the clearing house for to-day's exchanges, \$28,349.17.

Add the columns of the paying teller's daily check sheet. Make out *Recapitulation and Proof* blank. A careful count of the cash now on hand under various heads (subdivisions of bills and coin only) shows an amount of \$187,006.03. Foot the certified check book.

TRANSACTIONS FOR THE NOTE TELLER, MARCH 2

Make the proper records in the discount tickler for the paper disposed of to-day. In the *Remarks* column write :

For No. 902, *Charged Alliance National Bank.*

For No. 869, *Charged Alliance National Bank.*

For No. 868, *Paid, 3/2.*

For No. 895, *Charged Farmers Bank.*

For No. 867, *Paid, 3/2.*

Rule and foot the discount tickler.

Advices have been received that the following collections have been paid. Make records in the collection tickler for these collections. In the *Remarks* column write:

For No. 723, *Charged to Chemical National Bank. Bank's collection, \$1; our collection, \$1.10.*

For No. 726, *Charged to Chase National Bank. Bank's collection, \$4; our collection, \$5.*

For No. 742, *Charged to Chase National Bank. Bank's collection, \$5; our collection, \$5.20.*

For No. 743, *Charged to Bank of Commerce, Baltimore. Bank's collection, \$1; our collection, \$1.25.*

Collections Nos. 756, 800, and 811 have been paid. In the *Remarks* column of the discount tickler write:

For No. 756, *Paid, 3/2.*

For No. 800, *Paid, 3/2.*

For No. 811, *Paid, 3/2.*

TRANSACTIONS FOR THE CORRESPONDENCE CLERK, MARCH 2

This morning's mail contained the following remittances from the banks named, for credit. Enter in the remittance register.

Traders National Bank, Buffalo	\$9273.40
Bank of Commerce, Baltimore	4213.93
Manufacturers and Traders Bank, Philadelphia	5272.50
Fourth National Bank, Chicago	6395.40
Ninth National Bank, Hartford	5427.30
Chase National Bank, Providence	8216.50
Farmers Bank, Albany	5324.80
Alliance National Bank, Springfield	4152.70

The following are the drafts drawn on Chemical National Bank, New York, as per stubs in the draft book.

No. 434, \$14,260; No. 435, \$4500; No. 436, \$3762.50; No. 437, \$1500; No. 438, \$1000; No. 439, \$2000; No. 440, \$1400. Enter these drafts in the draft register. Credit Chemical National Bank in the remittance register for the total.

We have this day made the following remittances to out-of-town banks for collection. In the *To Whom Sent* column of the collection tickler write the name of the bank to which the paper is sent. No other record

is needed at this time. Nos. 804, 805, 809, 810, 813, sent to Alliance National Bank, Springfield; No. 812 sent to Farmers Bank, Albany; Nos. 815 and 816 sent to Fourth National Bank, Chicago; Nos. 817 and 818 sent to Traders National Bank, Buffalo.

Form of Letter to accompany Paper remitted for Collection and Credit

C. H. THURBER, PRESIDENT

CHAS. W. HAMILTON, CASHIER

J. W. MACE, VICE PRESIDENT

MERCHANTS NATIONAL BANK

Boston, Mass., Feb. 3, 19—

E. W. Peabody, Esq., Cashier

Second National Bank

New York City

Dear Sir,—I inclose for collection and credit the items stated below.

NO.	PAYER	AMOUNT
720	Sibley, Lindsay & Curr	7290 15
190	Baker-Saylor Co.	972 40
711	Fordham, Marsh & Co.	1251 10

Please advise us of the payment of the items inclosed. Paper not paid at maturity should be returned to us at once.

Very respectfully yours,

Chas. W. Hamilton, Cashier

We have this day made the following remittances to out-of-town banks for credit. Enter them in the remittance register.

To Chemical National Bank, New York.

Check of C. W. Ellis, dated Feb. 26, on Ninth National Bank, Brooklyn, indorsed by E. L. Brown, for \$1100; check of Daniel L. Coon, dated Feb. 25, on Union Bank, Peekskill, indorsed by C. W. Gray, for

\$2500; check of D. A. McMillen, dated Feb. 24, on Union Bank, Peekskill, indorsed by Bailey & Bailey, for \$1650; check of Arthur R. Briggs & Co., dated Feb. 24, on Second National Bank, Brooklyn, indorsed by Novelty Mfg. Co., for \$9250; check of Brown Bros., dated Feb. 23, on Second National Bank, Brooklyn, indorsed by D. E. Avery, for \$1162.95; check of Wilson & Co., dated Feb. 25, on Second National Bank, Brooklyn, indorsed by D. E. Avery, for \$1436.52.

To Farmers Bank, Albany.

Check of Hillis Mfg. Co., dated Feb. 25, on Farmers Bank, indorsed by Temple & Co., for \$1500; check of R. E. Porter, dated Feb. 24, on Commercial Bank, Troy, indorsed by D. E. Avery, for \$1349.20; check of Garson & Myers, dated Feb. 25, on Merchants Bank, Utica, indorsed by J. O. Baker, for \$1400.

To Chase National Bank, Providence.

Check of Warren & Sprague, dated Feb. 24, on Second National Bank, Providence, indorsed by J. H. Crandall, for \$1500; check of J. M. Evans, dated Feb. 23, on Union Bank, Providence, indorsed by J. H. Crandall, for \$2400; check of Whitman & Smith, dated Feb. 24, on Chase National Bank, Providence, indorsed by Brown Bros., for \$4500.50.

To Ninth National Bank, Hartford.

Check of E. L. Conway & Co., dated Feb. 23, on City Bank, Hartford, indorsed by Decker Bros., for \$4500; check of Wheeler Mfg. Co., dated Feb. 23, on Fourth National Bank, Hartford, indorsed by Dorman & Co., for \$3250; check of Freeman & Co., dated Feb. 24, on Ninth National Bank, indorsed by Briggs, Slote & Co., for \$3250.

To Alliance National Bank, Springfield.

Check of Wheeler & Wilson, dated Feb. 25, on Eliot National Bank, Springfield, indorsed by Fulton Boiler Works, for \$4792.50; check of Salisbury & Gray, dated Feb. 24, on National City Bank, Northampton, indorsed by Charles J. Kennedy, for \$1621.40; check of E. L. Howard, dated Feb. 23, on Bay State Bank, Worcester, indorsed by Traders National Bank, Buffalo, for \$1324.40; check of Simpson & Frey, dated Feb. 23, on Bay State Bank, Worcester, indorsed by Traders National Bank, Buffalo, for \$1142.60.

To Fourth National Bank, Chicago.

Check of Jones Dairy Co., dated Feb. 24, on Fourth National Bank, indorsed by D. W. Manning & Son, for \$4685; check of Raymond &

Son, dated Feb. 24, on First National Bank, St. Louis, indorsed by Alliance National Bank, Springfield, for \$1427.52; check of Armour & Co., dated Feb. 23, on Commercial Bank, Cincinnati, indorsed by Chase National Bank, Providence, for \$3142.50.

To Traders National Bank, Buffalo.

Check of R. H. White & Co., dated Feb. 25, on Traders National Bank, indorsed by Mason & Hamlin, for \$1600; check of E. W. Blosier, dated Feb. 24, on Traders National Bank, indorsed by A. J. Graham, for \$750; check of Cushman Bros., dated Feb. 23, on Traders National Bank, for \$17,500; check of A. L. Gilbert, dated Feb. 23, on Commercial Bank, Rochester, N.Y., indorsed by Alliance National Bank, Springfield, for \$372.70.

To Bank of Commerce, Baltimore.

Check of J. W. Walker, dated Feb. 24, on Bank of Commerce, indorsed by Mason & Hamlin, for \$400; check of J. E. Seaver, dated Feb. 23, on Bank of Commerce, indorsed by Mason & Hamlin, for \$1450; check of H. G. Healey, dated Feb. 24, on Bank of Commerce, indorsed by D. E. Avery, for \$1725; check of J. A. Kinsley, dated Feb. 23, on Union Bank, Washington, indorsed by Chase National Bank, Providence, for \$4126.30; check of D. Appleton & Co., dated Feb. 23, on Central National Bank, Paterson, N.J., indorsed by Fourth National Bank, Chicago, for \$3162.50; check of Charles H. Dean, dated Feb. 25, on Bank of Commerce, indorsed by W. I. Pratt, for \$1300.

To Manufacturers and Traders Bank, Philadelphia.

Draft of Union Bank, Schenectady, dated Feb. 23, on First National Bank, Philadelphia, indorsed by J. H. Crandall, for \$700.50; draft of Commercial Bank, Albany, dated Feb. 21, on Manufacturers and Traders Bank, indorsed by Taylor Bros., for \$8500.

Letters requesting Immediate Returns. — When paper is sent for collection to out-of-town banks that are not our regular agents or correspondents, it is usually accompanied by letters asking for immediate returns. The model on page 356 is suggestive of the form of letter used.

The note teller has advised you, by means of charge tickets, of the following debits to out-of-town banks. Enter these items in the remittance register.

Alliance National Bank, Springfield, for discount No. 902, \$18,500;
Alliance National Bank, Springfield, for discount No. 869, \$32,400;

Farmers Bank, Albany, for discount No. 895, \$28,890; Chemical National Bank, New York, for the proceeds of collection No. 723, \$1004.25; Chase National Bank, Providence, for the proceeds of collection No. 726, \$4896; Chase National Bank, Providence, for the proceeds of collection No. 742, \$5195; Bank of Commerce, Baltimore, for the proceeds of collection No. 743, \$1249.

Letter requesting Immediate Returns

W. J. MILLER, President

J. H. MERRILL, Vice President

D. M. GOSNELL, Cashier

The Commercial National Bank

Boston, Mass., Feb. 7, 19—

Mr. W. A. Hinman, Cashier

National Bank of Commerce
Philadelphia, Pa.

DEAR SIR.—I inclose for COLLECTION and RETURNS the paper listed below.

NUMBER	PAYER	AMOUNT
629	W. H. Glenny & Co.	224 70
714	Roosevelt & Son	921
642	Siegel, Cooper & Co.	715 60

Unless otherwise instructed, properly protest and return to us at once all paper not paid in due course.

Yours very truly,

D. M. Gosnell, Cashier

The note teller has also advised you that collection No. 756 has been paid and credited to Farmers Bank, Albany, at its face, \$79.23.

Extend the balances on the remittance register as explained March 1. Present your remittance register to your teacher for approval.

TRANSACTIONS FOR THE INDIVIDUAL BOOKKEEPER, MARCH 2

Enter the deposits from customers in the individual ledger. The amounts are found on the receiving teller's daily check sheet.

The note teller has turned over credit tickets for the proceeds of the following collection paper collected for depositors to-day: Nos. 723, 726, 742, 743, 800, and 811. Enter the proceeds of these collections in the *Deposits* column of the individual ledger as explained March 1.

Credit tickets have also been received from the note teller for paper discounted for customers to-day. Enter the proceeds of these notes to the credit of depositors in the individual ledger.

The total of checks certified to-day as reported by the paying teller is \$29,064. Enter to the credit of Certified Checks as explained March 1.

Checks of depositors have been received by the paying teller and turned over to the individual bookkeeper as shown on the paying teller's daily check sheet. Enter these items in the individual ledger as explained March 1.

Charge tickets have been received from the paying teller on account of certified checks. Refer to the certified check book for the amounts and enter them in the individual ledger.

Checks of depositors have been received by the receiving teller, entered on his check sheet, and turned over to the individual bookkeeper. A list of these checks with the names of the drawers is given below. Enter these items in the individual ledger.

Wyckoff, Seamans & Benedict, \$6200, \$2400; Mace, Gilmore & Co., \$1100; F. E. Sherman, \$3262.90; C. E. Selover & Co., \$3040.50; J. O. Baker, \$6270, \$5210; Thomas Bennett & Co., \$5450; E. V. Buckley & Son, \$9250; Powers & Sprague, \$1600; Lane, Rowell & Co., \$14,270, \$640.70; Fernald, Son & Co., \$12,200; Spencer, Mead & Co., \$750, \$2500.

The following depositors' checks have come in from the clearing house.

D. E. Avery, \$1205; J. O. Baker, \$916; Thomas Bennett & Co., \$500; E. V. Buckley & Son, \$702.50; J. H. Crandall, \$19,500; Decker Bros., \$620.50; C. E. Denison, \$40.90; Fields Milling Co., \$700; Freeman, Austin & Co., \$1200; E. L. Howard, \$240; Janis, Cooper & Tremper, \$700, \$800; Lane, Rowell & Co., \$1200, \$1500; Mace, Gilmore & Co., \$5260; W. I. Pratt, \$60; Powers & Sprague, \$75.90; C. E. Selover & Co., \$370.50; Spencer, Mead & Co., \$2160; Wyckoff,

Seamans & Benedict, \$17,300; F. E. Sherman, \$1764; Certificate of Deposit, \$2500; Certified Checks, \$17,500.

Certified checks are credited when issued and debited when paid. Debit Certified Checks for the \$17,500 above and show the payment in the certified check book.

The correspondence clerk has turned over the following depositors' checks received from out-of-town banks.

D. B. Roberts, \$1272.50; Charles J. Kennedy, \$1100.40; Fernald, Son & Co., \$1500.90; Spencer, Mead & Co., \$1100.50; Wyckoff, Seamans & Benedict, \$7250.

Extend the balances of the customers' accounts in the individual ledger. Foot and prove the individual ledger.

Present your individual ledger to your teacher for approval.

TRANSACTIONS FOR THE GENERAL BOOKKEEPER, MARCH 2

Make the records in the general cash book as outlined March 1.

1. Enter the items from the discount register.
2. Enter the items from the discount tickler.
3. Enter the items from the remittance register.
4. Enter the items from the individual ledger.
5. From the collection tickler credit Collection and Exchange for our collection charges on collections Nos. 723, 726, 742, and 743.
6. From the receiving teller's daily check sheet credit Collection and Exchange for the collection items listed there.
7. From the paying teller's daily check sheet debit Expense for the total expense items, and credit Collection and Exchange for the totals of the *Sundry Collection and Exchange* and *Exchange* columns.

Prove the cash. The amount of bills and coin on hand is \$215,819.76. Clearing-house checks on hand amount to \$49,710. Cash items (city and foreign) on hand amount to \$7848.10.

Rule and foot the general cash book. Post the general cash book to the general balance ledger. Extend the new balances on the general balance ledger. Prove the general balance ledger.

Present all your books to your teacher for approval.

TRANSACTIONS FOR THE DISCOUNT CLERK, MARCH 3

The following paper has been offered and accepted for discount.

No. 932. Note of Mason & Hamlin, at 30 days from Feb. 24, payable at our bank, discounted for J. O. Baker, for \$2500. Proceeds credited.

No. 933. Note of Zaner & Bloser, at 60 days from Jan. 25, payable at our bank, discounted for Fields Milling Co., for \$4250. Proceeds credited.

No. 934. Note of Gilbert Bros., at 30 days from March 1, payable at Commercial Bank, Rochester, N.Y., indorsed by Cushman Bros., discounted for Freeman, Austin & Co., for \$5250. Collection and exchange, \$5.25. Proceeds credited.

No. 935. Note of D. Appleton & Co., at one month from Feb. 25, payable at First National Bank, Springfield, indorsed by M. E. Graham, discounted for E. L. Howard, for \$7352. Collection and exchange, \$7.35. Proceeds credited.

No. 936. Note of M. O. White, at two months from Feb. 1, payable at Traders National Bank, Buffalo, discounted for D. E. Avery, for \$9000. Collection and exchange, \$9. Proceeds credited.

No. 937. Note of D. B. Roberts, at three months from Jan. 1, discounted for C. E. Selover & Co., payable at our bank, for \$7000. Collection and exchange, \$7. Proceeds credited.

No. 938. Note of C. A. Wesp, at three months from Jan. 1, discounted for C. E. Denison, payable at Commercial Bank, Rochester, N.Y., for \$8750. Collection and exchange, \$8.75. Proceeds credited.

Rule and foot the discount register. Prove the footings. Post the entries to the discount tickler.

TRANSACTIONS FOR THE COLLECTION CLERK, MARCH 3

The following is a list of the paper received for collection to-day.

No. 819. Sight draft dated March 1, on Walker Bros., City, for \$12,265. To be collected for Traders National Bank, Buffalo.

No. 820. Sight draft dated March 1, on Morgan & Allen, City, for \$5723.60. To be collected for Manufacturers and Traders Bank, Philadelphia.

No. 821. Sight draft dated March 1, on Gilman & Brown, City, for \$7821. To be collected for Ninth National Bank, Hartford.

No. 822. Sight draft dated March 2, on Healey & Kinsley, City, for \$3721.50. To be collected for Chase National Bank, Providence.

No. 823. Sight draft dated March 2, on F. E. Smith, City, for \$2129.74. To be collected for Farmers Bank, Albany.

No. 824. Note signed by Curtis & Bender, dated Feb. 8, at 30 days, payable at Merchants National Bank, City, for \$5625. To be collected for Alliance National Bank, Springfield.

No. 825. Note signed by Arnold & Co., payable two months from Jan. 4, at Park Square National Bank, City, for \$1865. To be collected for Spencer, Mead & Co.

No. 826. Note signed by Ray & Co., payable at 60 days from Jan. 4, at Union Trust Co., City, for \$3000. To be collected for J. O. Baker.

No. 827. A draft dated Jan. 8, at 60 days from date, on Joiner & Co., payable at Briggs Bank, Westfield, for \$175.40. To be collected for Thomas Bennett & Co.

No. 828. Draft dated Feb. 1, at 30 days from date, on Houghton & Dutton, City, for \$426.50. To be collected for J. H. Crandall.

No. 829. Sight draft dated March 8, on E. L. Grant, City, in favor of Freeman, Austin & Co., for \$725. To be collected for Freeman, Austin & Co.

No. 830. Note of Gardner & Son, at 30 days from Feb. 16, payable at Park Square National Bank, City, with interest, for \$2000. To be collected for Wyckoff, Seamans & Benedict.

No. 831. Note of Frank Miller, at three months from Jan. 1, for \$1724.50, payable at Union Trust Co., City. To be collected for Farmers Bank, Albany.

No. 832. Note of I. A. Wilcox, at two months from Feb. 2, payable at Merchants Bank, St. Louis, Mo., with interest, for \$3000. To be collected for Chase National Bank, Providence.

Post the collection register to the collection tickler.

TRANSACTIONS FOR THE RECEIVING TELLER, MARCH 3

The following are the regular deposits for to-day.

Wyckoff, Seamans & Benedict, √ \$4900, B \$1700, B \$1200, B \$1400, × \$1100, #61 \$750, #4 \$300; less collection, \$1.10.

Certificate of Deposit, √ \$200, √ \$400.

Spencer, Mead & Co., #7 \$500, #9 \$1720.40, #21 \$850.60.

F. E. Sherman, √ \$500, B \$1900, B \$5273.50.

C. E. Selover & Co., #27 \$60, √ \$300, B \$1950, #8 \$1430.40.

J. O. Baker, √ \$1100, B \$1340, #11 \$1500, #7 \$1324.

Thomas Bennett & Co., × \$1590.40; less collection, \$1.60.

Decker Bros., × \$2462.50; less collection, \$2.45.

E. V. Buckley & Son, √ \$4900, √ \$60, #12 \$2163.40.

D. E. Avery, × \$1590.60; less collection, \$1.60.

J. H. Crandall, B \$11,290, B \$14,360; #7 \$9353.60, O \$240.50, O \$130.60.

Freeman, Austin & Co., O \$7320, #9 \$12,950, #14 \$7110.50.

Charles J. Kennedy, ✓ \$5800, × \$1724.50; less collection, \$1.75.

C. E. Denison, ✓ \$4900, ✓ \$16.50, #1 \$1150.60, #7 \$1200, #15 \$1900, #31 \$6200.

Fernald, Son & Co., ✓ \$2400, B \$500, B \$6000.

Fields Milling Co., × \$240, × \$1200, × \$1500; collection, \$2.95, paid in cash.

Janis, Cooper & Tremper, × \$1500, × \$3000; collection, \$4.50, paid in cash.

Powers & Sprague, ✓ \$1100, ✓ \$260, × \$5000, × \$50.32; collection, \$5, paid in cash.

Lane, Rowell & Co., O \$1212.50.

Foot the columns of the receiving teller's daily check sheet. Make out *Recapitulation and Proof* blank.

Balance on hand: coin, \$848.95; bills, \$18,800. You have given to the paying teller during the day \$7200.

TRANSACTIONS FOR THE PAYING TELLER, MARCH 3

The following are lists of checks paid by the paying teller to-day.

1. Checks on our bank:

Certificate of Deposit, \$1000; E. L. Howard (New York draft), \$562.50; Mace, Gilmore & Co. (New York draft), \$1100; W. I. Pratt (New York draft), \$4150; Spencer, Mead & Co. (New York draft), \$62.50; Freeman, Austin & Co., \$6409.50; E. V. Buckley & Son, \$1450.90; D. B. Roberts, \$9250; F. E. Sherman, \$800; Lane, Rowell & Co., \$2150; E. L. Howard, \$8790.50.

2. Checks on clearing-house banks:

Old Colony National Bank, \$1200; Park Square National Bank, \$1500; Bunker Hill National Bank, \$2100; Suffolk National Bank, \$1100.50; Colonial National Bank, \$3160; Shoe and Leather Bank, \$3750; Third National Bank, \$900; Metropolitan National Bank, \$2160.50; Citizens National Bank, \$1325; Eliot National Bank, \$5260; New England National Bank, \$150; Mechanics Bank, \$52.60.

3. Checks on out-of-town banks:

Traders National Bank, Buffalo, \$400; collection, 50¢. Bank of Commerce, Baltimore, \$160, \$200; collection, 40¢. Manufacturers and Traders Bank, Philadelphia, \$750, \$1200; collection, \$2. Fourth National Bank, Chicago, \$500, \$1500; collection, \$2. Merchants Bank, New York City, \$1200, \$1100; collection, \$2.25. Farmers Bank, Albany,

\$100; collection, 15¢. Union Bank, Albany, \$400, \$200; collection, 75¢. Merchants and Traders Bank, Providence, \$1500; collection, \$1.50. Peoples Bank, Worcester, \$1200; collection, \$1.25.

4. Checks on banks in our city not members of the clearing-house association:

Powers Bank, \$400.

Sold the following drafts on Chemical National Bank, New York.

1. Sold for check:

E. L. Howard, \$562; exchange, 50¢. Mace, Gilmore & Co., \$1098.90; exchange, \$1.10. W. I. Pratt, \$4145.85; exchange, \$4.15. Spencer, Mead & Co., \$62.25; exchange, 25¢.

2. Sold for cash:

Smith, Perkins & Co., \$1457; exchange, \$2. Hendricks & Son, \$1100; exchange, \$1.25. Hopkins & Weeks, \$350; exchange, 50¢. E. V. Rhodes, \$100; exchange, 25¢.

Certified the following checks:

Freeman, Austin & Co., \$1200; C. E. Selover & Co., \$3200; Thomas Bennett & Co., \$2700.

Pay cashier's charge tickets for the following items:

Coal, \$42.50; telephone service, \$40.50; cleaning bank, \$9.50.

The items for the *Sundry Receipts* column are as follows:

Bills and coin from yesterday's proof, \$187,006.03; bills and coin received from the receiving teller at the close of yesterday's business, \$18,712; bills and coin received from the receiving teller during the day, \$7200; bills and coin received from the note teller at the close of yesterday's business, \$10,101.73; received from the clearing house for to-day's exchanges, \$14,503.50.

Make out the paying teller's proof. Cash on hand, \$174,451.06.

Foot the certified check book.

Submit your paying teller's records to your teacher for approval.

TRANSACTIONS FOR THE NOTE TELLER, MARCH 3

Make records in the discount tickler for the paper disposed of to-day. In the *Remarks* column write:

For No. 897, *Protested*.

For No. 882, *Paid, 3/3*.

For No. 883, *Certified, C. N. B.*

For No. 875, *Certified, S. & L. B.*

Rule and foot the discount tickler.

Advices have been received that the following collections have been paid. Make the proper records in the collection tickler. In the *Remarks* column write:

For No. 752, *Charged to Alliance National Bank.* *Bank's collection, 75¢; our collection, 75¢.*

For No. 757, *Charged to Traders National Bank.* *Bank's collection, \$1.75; our collection, \$2.*

Collections Nos. 765, 819, 820, 829, 822, 823, and 828 have been paid. In the *Remarks* column of the discount tickler write:

For No. 765, *Paid, 3/3.*

For No. 819, *Paid, 3/3; collection, \$12.25.*

For No. 820, *Paid, 3/3; collection, \$5.75.*

For No. 829, *Paid, 3/3.*

For No. 822, *Paid, 3/3; collection, \$3.75.*

For No. 823, *Paid, 3/3; collection, \$2.15.*

For No. 828, *Paid, 3/3.*

Collection No. 821 has been protested. In the *Remarks* column write: *Protested, 3/3; fees, \$3.25.*

TRANSACTIONS FOR THE CORRESPONDENCE CLERK, MARCH 3

This morning's mail contained the following remittances from the banks named, for credit:

Chemical National Bank, New York	\$1350.25
Alliance National Bank, Springfield	3200.90
Traders National Bank, Buffalo	3160.50
Bank of Commerce, Baltimore	4200.
Manufacturers and Traders Bank, Philadelphia	7371.80
Chase National Bank, Providence	5150.20
Ninth National Bank, Hartford	2625.80
Fourth National Bank, Chicago	1200.52

The following are drafts on Chemical National Bank, New York, as per stubs in the draft book.

No. 441, \$562; No. 442, \$1098.90; No. 443, \$1475; No. 444, \$4145.85; No. 445, \$1100; No. 446, \$100; No. 447, \$350; No. 448, \$62.25.

Enter the above drafts in the draft register. Foot the draft register and credit Chemical National Bank in the remittance register for the total. Check the amount transferred.

We have this day made the following remittances to out-of-town banks for collection. In the *To Whom Sent* column of the tickler write the name of the bank to which the paper is sent. No other record is needed at this time. Discounts Nos. 921 and 928 sent to Alliance National Bank, Springfield; discount No. 926 sent to Fourth National Bank, Chicago; discount No. 929 sent to Ninth National Bank, Hartford; discount No. 925 sent to Manufacturers and Traders Bank, Philadelphia; collection No. 827 sent to Traders National Bank, Buffalo.

We have this day made the following remittances to out-of-town banks for credit.

To Farmers National Bank, Albany.

Check of Sears & Co., dated Feb. 27, on Farmers Bank, indorsed by J. W. Cook, for \$100; check of Ginn & Co., dated Feb. 27, on Union Bank, Albany, indorsed by Day Bros., for \$400; check of Talton Bros., dated Feb. 26, on Union Bank, Albany, indorsed by Howard & Brown, for \$200; check of Seymour & Co., dated Feb. 25, on First National Bank, Albany, indorsed by Wyckoff, Seamans & Benedict, for \$1100.

To Chemical National Bank, New York.

Check of C. G. Warner & Co., dated Feb. 25, on Ninth National Bank, Brooklyn, indorsed by Thomas Bennett & Co., for \$1590.40; check of W. C. Lord, dated Feb. 26, on Second National Bank, Brooklyn, indorsed by Decker Bros., for \$2462.50; check of W. L. Howard, dated Feb. 24, on Merchants Bank, New York City, indorsed by Frey & Co., for \$1200; check of A. L. Allen, dated Feb. 25, on Merchants Bank, New York City, indorsed by S. C. Williams, for \$1100; check of M. M. Shea, dated Feb. 26, on City National Bank, New York, indorsed by D. E. Avery, for \$1590.60.

To Manufacturers and Traders Bank, Philadelphia.

Draft of Union Bank, Poughkeepsie, dated Feb. 25, on Bank of the Republic, Philadelphia, indorsed by Charles J. Kennedy, for \$1724.50; draft of City Bank, Utica, dated Feb. 25, on First National Bank, Philadelphia, indorsed by Fernald, Son & Co., for \$1500; draft of Merchants Bank, Rochester, N.Y., dated Feb. 25, on Manufacturers and Traders Bank, indorsed by Smith & Co., for \$1200; draft of Commercial Bank,

Buffalo, dated Feb. 26, on Manufacturers and Traders Bank, indorsed by John Stuart, for \$750.

To Traders National Bank, Buffalo, N.Y.

Check of J. W. Cody, dated Feb. 27, on Traders National Bank, indorsed by Charles Good, for \$400; check of W. D. Adams, dated Feb. 27, on Central National Bank, Rochester, N.Y., indorsed by Fields Milling Co., for \$1200; check of W. D. McKay, dated Feb. 25, on Merchants Bank, Rochester, N.Y., indorsed by Fields Milling Co., for \$240.

To Bank of Commerce, Baltimore.

Check of C. W. Smith, dated Feb. 24, on Bank of Commerce, indorsed by C. W. White, for \$160; check of Perdy & Co., dated Feb. 23, on Bank of Commerce, indorsed by Allen & Co., for \$200; check of Carter & Co., dated Feb. 24, on Central Bank, Baltimore, indorsed by Janis, Cooper & Tremper, for \$3000; check of Clay & Co., dated Feb. 25, on Bank of Commerce, indorsed by Janis, Cooper & Tremper, for \$1500.

To Fourth National Bank, Chicago.

Draft of Briggs Bank, Westfield, dated Feb. 23, on Commercial Bank, Chicago, indorsed by Powers & Sprague, for \$50.32; draft of Merchants Bank, Providence, dated Feb. 24, on Central National Bank, Chicago, indorsed by Powers & Sprague, for \$5000; check of Simpson & Frey, dated Feb. 24, on Fourth National Bank, indorsed by Frost & Co., for \$500; check of W. A. Harris, dated Feb. 24, on Fourth National Bank, indorsed by W. W. West, for \$1500.

To Chase National Bank, Providence.

Check of Graham & Co., dated Feb. 25, on Merchants and Traders Bank, Providence, indorsed by C. W. Hunter, for \$1500; check of White, Hayes & Co., dated Feb. 24, on Chase National Bank, indorsed by Chemical National Bank, New York, for \$1350.25.

To Alliance National Bank, Springfield.

Check of Hyde & Page, dated Feb. 27, on Peoples Bank, Worcester, indorsed by Fourth National Bank, Chicago, for \$1200.52.

The note teller has advised you of the following charges to banks.

Alliance National Bank, Springfield, proceeds of collection No. 752, \$721.75; Traders National Bank, Buffalo, proceeds of collection No. 757, \$1748. 25.

Letter of Advice and Remittance. — When banks remit by New York draft for collections a form similar to the following is used.

<i>F. E. ROGERS, President</i>	<i>S. C. WILLIAMS, Vice President</i>		
<i>CHAS. H. PALMER, Cashier</i>			
<i>The Chemical National Bank</i>			
<i>New York, Feb. 28, 19—</i>			
<i>H. W. Clegg, Esq., Cashier</i>			
<i>Colonial National Bank</i>			
<i>Boston, Mass.</i>			
<i>Dear Sir.—Please find herewith our draft No. 7125 on The National Bank of Redemption for \$7714.78 in pay- ment of collections as stated below.</i>			
YOUR NO.	DATE OF YOUR LETTER	PAYER	AMOUNT
614	Feb. 1	R. W. Hall	1050
720	10	S. E. Williams	972 .50
724	10	A. B. Frey & Son	700
792	14	C. W. Snow & Co.	5000
<i>Total collected</i>			<i>7722 .50</i>
<i>Less Collection and Exchange</i>			<i>7 .72</i>
<i>Amount remitted</i>			<i>7714 .78</i>
<i>Very respectfully yours,</i>			
<i>Chas. H. Palmer, Cashier</i>			

The note teller has also advised you that the following collections have been paid and the proceeds credited to the banks named.

Proceeds of No. 752, credited to Traders National Bank, Buffalo, \$721; proceeds of No. 757, credited to Alliance National Bank, Springfield, \$1746.25; proceeds of No. 819, credited to Traders National Bank, Buffalo, \$12,252.75; proceeds of No. 820, credited to Manufacturers and Traders Bank, Philadelphia, \$5717.85; proceeds of No. 822, credited to Chase National Bank, Providence, \$3717.75; proceeds of No. 823, credited to Farmers Bank, Albany, \$2127.59.

The note teller advises that collection No. 821 has been protested and the protest fees, \$3.25, charged to Ninth National Bank, Hartford.

Extend the balances in the remittance register.

TRANSACTIONS FOR THE INDIVIDUAL BOOKKEEPER, MARCH 3

Enter the deposits from customers in the individual ledger from the receiving teller's daily check sheet.

The note teller has turned over credit tickets for the proceeds of collection paper, collected for depositors to-day as follows: Nos. 765, 828, and 829. Enter the proceeds of these collections in the individual ledger.

Credit tickets have also been received from the note teller for paper discounted for customers to-day. Enter these notes to the credit of depositors directly from the discount register.

The total of checks certified to-day, as reported by the paying teller, is \$7100. Enter this amount to the credit of Certified Checks.

Checks of depositors have been received by the paying teller and turned over to the individual bookkeeper, as shown on the paying teller's daily check sheet. Enter these items in the individual ledger.

Charge tickets have been received from the paying teller on account of certified checks. Refer to the certified check book for these amounts, and enter them in the individual ledger.

Checks of depositors have been received by the receiving teller, entered on his sheet, and turned over to the individual bookkeeper. A list of these, with the names of the drawers, is given below. Enter the items in the individual ledger.

Spencer, Mead & Co., \$1900; Wyckoff, Seamans & Benedict, \$5273.50, \$1950, \$14,360; E. V. Buckley & Son, \$1400, \$1200; C. E. Selover & Co., \$1700; Fernald, Son & Co., \$1340; Powers & Sprague, \$500; Decker Bros., \$11,290; F. E. Sherman, \$6000.

Checks of depositors have come in from the clearing house as follows:

Wyckoff, Seamans & Benedict, \$17,700; Spencer, Mead & Co., \$15,000, \$1800; F. E. Sherman, \$960.50; C. E. Selover & Co., \$300; D. B. Roberts, \$750; Powers & Sprague, \$1200; Janis, Cooper & Tremper, \$2400; Mace, Gilmore & Co., \$1500; Lane, Rowell & Co., \$1250; D. E. Avery, \$900; J. O. Baker, \$1700; Thomas Bennett & Co., \$3100; E. V. Buckley & Son, \$9150; J. H. Crandall, \$45,120; Decker Bros., \$15,200; C. E. Denison, \$25,300; Fernald, Son & Co., \$1300; Fields Milling Co., \$10,500.

The correspondence clerk has turned over depositors' checks received from out-of-town banks.

Wyckoff, Seamans & Benedict, \$625.80, \$2000; Charles J. Kennedy, \$150.20, \$2500; W. I. Pratt, \$2500.

Extend the balances of customers' accounts in the individual ledger. Foot and prove the individual ledger.

TRANSACTIONS FOR THE GENERAL BOOKKEEPER, MARCH 3

Make the records in the general cash book for the following.

1. Items from the discount register.
2. Items from the discount tickler.
3. Items from the remittance register.
4. Items from the individual ledger.
5. From the collection tickler credit Collection and Exchange for our collection charges on the following collections: Nos. 752, 757, 819, 820, 822, and 823.
6. From the receiving teller's daily check sheet credit Collection and Exchange for the collection and exchange items listed there.
7. From the paying teller's daily check sheet debit Expense for the total expense items, and credit Collection and Exchange for the totals of the *Exchange* and *Sundry Collection and Exchange* columns.
8. From the collection tickler credit Protest Fees for \$3.25, the notary's charges for protesting collection No. 821.
9. From the discount tickler debit Protested Paper for discount No. 897, \$29,900.

NOTE. — Nearly all national banks have some bank official qualified as a notary public. In the majority of cases this official receives all protest fees which are paid to the bank for protesting paper. He is usually a person of high standing in the bank, such as cashier, discount clerk, etc.

When these fees go to an official of the bank they are charged to Protest Fees in the general balance ledger. At the end of any given period the notary may draw such fees by check.

No protest fees are entered on discount No. 897 at this time. They are not recorded until collected, unless they are charged to an out-of-town bank.

Rule and foot the general cash book. Post the general cash book to the general balance ledger. Extend the new balances in the general balance ledger.

Prove the general balance ledger.

Submit your book to your teacher for approval.

CLOSING THE BANKING SET

INVENTORIES, MARCH 3, 19—

Real Estate :	
Banking house and lot	\$27000
Furniture and Fixtures :	
Estimated value	\$12500
United States Bonds :	
At cost	\$200000
Stocks and Bonds :	
Present value	\$63750
Interest and Discount :	
Accrued on United States bonds	\$650

Trial Balance.—No trial balance is necessary in this set, as the general balance ledger is in itself a trial balance of the general ledger accounts of the bank.

Dividends.—It is customary for national banks to declare dividends semiannually and close their books. Before any dividend can be declared every national bank must carry at least one-tenth part of its net profits for the half-year immediately preceding to its surplus fund, until the same shall amount to 20% of its capital stock. After the surplus fund has been deducted the directors may declare a dividend of so much of the profits remaining as they deem expedient.

Statement of Resources and Liabilities.—A statement of resources and liabilities is usually made out daily in all large national banks. Such a statement gives the condition of *all* the general ledger accounts of the bank, together with a detailed exhibit of the cash account. All items of information entered on this statement are properly classified, thus furnishing data for the computation of the bank's reserve, and for the necessary reports to the Comptroller of Currency. The National Bank Act also requires that every national bank shall make to the Comptroller of the Currency not less than five reports during each year. These reports must be made in accordance with a prescribed form and be published in a newspaper where the bank is established. They exhibit in detail the resources and liabilities of the bank, the amount of each dividend, and the net earnings in excess thereof.

In this set you will make but one general statement of resources and liabilities. Carefully study the form given on pages 370 and 371, and then proceed to make your statement of resources and liabilities.

Statement of***Commercial National Bank.***

Resources				
Cash			305107	32
Bills and Coin	243700	37		
Exchanges for Clearing House	55166	50		
Cash Items (City and Foreign)	6240	45		
 Bills Receivable			412950	40
Bills Discounted	405750	40		
Protested Paper	7200			
 Stocks and Bonds			250500	
U.S. Bonds with U.S. Treasurer (per inventory)	150000			
Premium on U.S. Bonds	6000			
Other Stocks and Bonds (per inventory)	103500			
 Properties			22700	
Real Estate (per inventory)	17500			
Fixtures (per inventory)	5200			
 Out-of-Town Banks, Dr.			22940	60
 Due from Reserve Agents			100000	
 United States Treasurer			8500	
5% Redemption Fund	7500			
Due from U.S. Treasurer	1000			
 Overdrafts			620	40
			1132318	72

Statement of***Commercial National Bank,***

Losses				
Current Expenses			5700	93
Salaries, due and paid	4500			
Taxes, due and paid	960			
Incidental Expenses, total paid	240	93		
 Depreciation			650	
Furniture and Fixtures	150			
Real Estate	500			
 <i>Dividends, 4% of Capital Stock</i>			16000	
<i>Surplus Fund, 10% of Net Gain</i>			2415	02
<i>Undivided Profits, balance of Net Gain</i>			5735	14
			30501	09

Resources and Liabilities

Boston, Mass., March 3, 19--

Liabilities		
Capital Stock		400000
Surplus Fund		93530 16
Undivided Profits		9250 60
Circulation		150000
Out-of-Town Banks, Cr.		12650 90
Deposits		442506 90
Cashier's Checks	4050	90
Certificates of Deposit	17500	
Certified Checks	19295	60
Individual Deposits	401750	40
Protest Fees		140
Net Gain		24150 16
		1132318 72

Losses and Gains

Boston, Mass., March 3, 19--

Gains		
Revenue Receipts		29501 09
Interest and Discount, net amount earned	16500	69
Collection and Exchange, net amount earned	12500	40
Interest (per inventory), due on U.S. Bonds	500	
Stocks and Bonds, increase in value		1000
		30501 09

Hand your statement of resources and liabilities to your teacher for approval.

Statement of Losses and Gains. — Preparatory to declaring dividends and closing the ledger make a statement of losses and gains. Before proceeding with this statement carefully study the form given on pages 370 and 371. The net gain will be divided as follows: To Dividend account, 4% of the capital stock; to Surplus Fund, 10% of the net gain; to Undivided Profits, the balance of the net gain.

Hand your statement of losses and gains to your teacher for approval.

Closing the Ledger. — When a bank employs the form of ledger used in this set, the loss and gain accounts should be closed by journal entries.

To take the gains out of the several gain accounts and carry them to the Loss and Gain account, an entry similar to the following should be made in the journal.

Interest and Discount	Net amount earned	16500	69	
Collection and Exchange	Net amount earned	12500	40	
Stocks and Bonds	Increase in value	1000		
Interest	Due on U.S. bonds	500		
To Loss and Gain	Total gains			30501 09

To take the losses out of the several loss accounts and carry them to the Loss and Gain account, an entry similar to the following should be made in the journal.

Loss and Gain	Total losses	6350	93	
To Expense	Incidental expenses		240	93
Salaries	Due and paid		4500	
Taxes	Due and paid		960	
Real Estate	Depreciation		500	
Furniture and Fixtures	Depreciation		150	

To close the Loss and Gain account, an entry similar to the following should be made in the journal.

Loss and Gain	Net gain	24150	16	
To Dividends	4% of capital stock		16000	
Surplus Fund	10% of net gain		2415	02
Undivided Profits	Balance of net gain		5735	14

After making the necessary entries to close the loss and gain accounts post them to the general balance ledger.

Dividends are usually paid by cashier's checks. Dividend account is debited and Cashier's Checks account is credited when dividends are

paid. You will omit the dividend checks, as no list of stockholders has been given.

Extend the new balances in the general balance ledger.

Prove the general balance ledger.

Prove the correctness of the out-of-town banks ledger by an abstract similar to the following.

Abstract of Out-of-Town Banks Ledger, March 3, 19—

1	Union Bank, Troy			906
2	Traders National Bank, Buffalo	7200	50	
3	Chemical National Bank, New York	81250	50	
4	Merchants Bank, Philadelphia	2692	50	
5	Mechanics National Bank, Baltimore	1790	50	
6	City Bank, Providence			1200
3	<i>Balance as per Out-of-Town Banks in G. B. L.</i>			40828
		42934		42934

See if Deposits account in the general balance ledger agrees with the individual ledger.

Prove the discount tickler. The total of the unpaid notes shown in the discount tickler should equal the balance of Bills Discounted account in the general balance ledger.

Present all your books to your teacher for examination.

THE CLEARING HOUSE

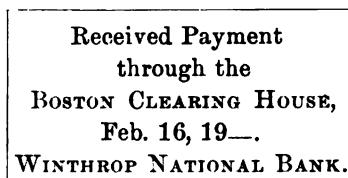
A Clearing House is an institution organized by associated banks to simplify and facilitate daily exchanges of items and settlements of balances resulting from such exchanges.

Many clearing-house associations also look after the mutual welfare of their members by prescribing rules to govern in various important matters; as, uniform rates of collection and exchange, interest, etc.

Origin. — Before clearing houses were organized each bank in a given city had to keep an account with practically every other commercial bank in that city. Statements of these accounts were made up daily and given to "runners," who took them, together with the items of charge, to the debtor banks for settlement. All amounts were usually paid in gold. In the larger cities this work was very laborious and unsatisfactory. To facilitate matters these runners conceived the idea of meeting at a given point and adjusting balances. From these first crude gatherings has sprung the stupendous clearing-house system.

The Officers of a clearing-house association are usually president, vice president, secretary, treasurer, manager, and clearing-house committee. Frequently there are one or more special committees; as, conference committee, nominating committee, arbitration committee, etc.

Preparing Exchanges for Delivery. — When exchangeable paper is received at a bank it is classified according to the bank at which it is payable. The work of assorting the items for delivery to the clearing house is facilitated by the use of a case of compartments. This case is provided with a compartment for each member of the clearing house. The compartments are designated by the clearing-house numbers of the banks. Before the items are placed in these compartments they are stamped with the received indorsement usually required by clearing-house associations. The form of this indorsement is not always the same, but it should always indicate the channel through which the paper has passed.



The above is a common form of indorsement used for items paid through the clearing house.

At the close of the day, or at intervals during the day, the exchanges are taken from the compartments, and the amounts listed on a blank entitled *Exchange Slip*, as shown in the accompanying illustration.

The first total on the exchange slip represents the amount of exchanges received by No. 24 before the close of banking hours on Feb. 15, to be sent to the clearing house the following day. The additional items represent the morning exchanges which are received by mail or among the deposits before ten o'clock. The second total is, then, the amount of claims carried to the clearing house by No. 24, Faneuil Hall National Bank, against No. 22, the National Bank of Commerce.

A separate exchange slip, appropriately labeled, is prepared for each member of the clearing house.

Duplicate lists of all items taken to the clearing house are made by the bank and preserved for future reference.

The totals of the exchange slips are next copied on a blank entitled *Settling Clerk's Statement*.

The Settling Clerk's Statement contains a printed list of the names and numbers of all the banks connected with the clearing-house association. The first debit column of this sheet is usually made up from the exchange slips at the close of each business day, thus completing the heaviest part of the work the day before clearing. On the morning of clearing the second debit column is filled out from the final totals of the exchange slips. The credit column is

EXCHANGE SLIP		
NO. 22		
C O M M E R C E		
FROM NO. 24		
Date	Feb. 16, 14	
5240		
750		
900	10	
7565	50	
950	75	
3642	50	
900		
6500		
142	38	
9	51	
1200	90	
566		
28361	64	
750		
50		
90		
29251	64	

Settling Clerk's Statement

No. 37. NATIONAL BANK OF REDEMPTION

Tuesday, May 20, 19—

NO.	BANKS	FIRST DEBIT	ADDITIONS	TOTAL DEBIT	BANKS CR.	NO	
1	Massachusetts National	65198	11		29827	71	1
2	National Union	29767	29		19569	67	2
3	Old Boston National	13413	12		1904	81	3
4	State National	74646	30		46131	40	4
5	New England National	87391	81		79384	68	5
12	Atlantic National	17604	30		19678	91	12
13	Merchants National	92694	99		122665	24	13
15	National Hamilton	40635	19		20446	16	15
17	Second National	92069	05		199060	35	17
18	Atlas National	71649	76		30921	52	18
20	National Shawmut	642618	69		385833	63	20
21	National Exchange	84249	17		77924	75	21
22	Nat'l B'k of Commerce	130984	52		249681	75	22
24	Faneuil Hall National	39426	09		5206	56	24
25	National Webster	1950	83		2251	64	25
26	Eliot National	214234	96		248014	63	26
28	Suffolk National	85578	82		39980	14	28
31	Freemans National	9192	09		19651	61	31
32	Boylston National	6854	45		13825	75	32
37	Nat'l B'k Redemption						37
39	First National	12132	91		66300	81	39
41	Nat'l B'k of Republic	171745	26		123536	76	41
43	Mt. Vernon National	6345	06		2614	90	43
46	National Security	8697	70		10800	38	46
49	Central National	89203	36		25580	27	49
50	Colonial National	21438	57		12175	44	50
51	Fourth National	36105	94		102526	31	51
52	Metropolitan National	13667	09		5600	66	52
53	Winthrop National	67338	76		10159	08	53
55	Mechanics National	8947	19		13280	66	55
56	Commercial National	14849	40		13940	64	56
100	Boston Clearing House	165844	36		411388	32	100
	Footings	2416470	23		2409865	14	
		6605	09	Balance	Gain	6605	09
		2409865	14			2416470	23

left blank to be filled out at the clearing house when each settling clerk has received from the various members all the items to be paid by his bank.

When the exchange slips have been completed, and the amounts have been transferred to the settling clerk's statement, each slip is attached to the package of items which it represents.

NOTE.—The Boston banks have the settling clerk's statement arranged with four columns, but these banks usually make use of but two columns, as shown on page 376. Where but two columns are used only the final totals of the exchange slips are copied on the settling clerk's statement.

The Check Ticket. — The amounts of the exchange slips are also entered on *Check Tickets*. A check ticket is made out for each member of the clearing-house association and delivered to the proper settling clerk at the clearing house to enable him to check off the amounts he receives from other banks, in case there is an error.

No. 26
Eliot National Bank
From No. 51
Fourth National Bank
\$ 282,301.90

The Credit Ticket. — Before going to the clearing house the settling clerk foots and proves the *Total Debit* column of the settling clerk's statement. If this footing is correct it should agree with the totals of the clearing-house checks on the receiving, paying, and note tellers' and correspondence clerk's daily check sheets. When this footing has been proved correct the settling clerk enters it on a *Credit Ticket*.

Form of Credit Ticket

CREDIT TICKET

No. 21. BOSTON CLEARING HOUSE

Feb. 16, 19—

Credit

National Exchange Bank	\$1,302,284.41
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J. H. Bender, Settling Clerk

How Non-Members clear.—Besides the regular members, there are a number of trust companies that make their clearings at the Boston

Clearing House through the agency of other banks which are members. These non-members keep adequate funds on deposit at their clearing bank, as a compensation for services rendered and as a guarantee against loss. They prepare their exchanges in practically the same manner as the regular members, but deliver their packages of items to their agents for deposit instead of to the clearing house for settlement. These agents classify and distribute the paper of the non-members just as they do the regular items received on deposit. The return exchanges for non-members at the clearing house are delivered to the clearing agents just as if they were payable by them. After these items are charged to the non-members by the clearing agents they are promptly transmitted by runners to the banks where they are to be paid.

Procedure in making Clearings. — Each business day at ten o'clock the exchanges take place between the banks. About five minutes before the hour designated the clerks begin to arrive. These clerks are usually two in number, each bank sending to the clearing house a delivery clerk and a settling clerk. On his arrival at the clearing house the settling clerk leaves at the desk of the proof clerk, sitting in the manager's office, his credit ticket showing the amount of exchanges with which his bank is to be credited. The proof clerk immediately transcribes this amount under *Banks Cr.* on a blank called the *Clearing-House Proof*, as illustrated on page 379.

The aggregate of the credit tickets presented to the proof clerk represents the total exchanges sent in by the various banks, and is called *Credit Exchanges*.

The desks in a clearing house are usually arranged in long rows, one desk being provided for each member. At one minute before ten o'clock the manager sounds a gong as a signal for the clerks to take their proper places. The settling clerks occupy their separate desks on the inside of the counter, while the delivery clerks form on the outside with their exchanges arranged for convenient distribution. Promptly at ten o'clock the manager again sounds the gong, and the delivery of the exchanges begins. Each delivery clerk advances, one desk at a time, with military precision. At each desk he hands over to the settling clerk the exchange package for that particular bank. At the same time, in an opening in the desk provided for that purpose, he deposits a check ticket, corresponding in amount to the amounts listed on the exchange slips. The settling clerk takes the amount on the exchange slips and enters it to the credit of the proper bank on his own statement. After the circuit has been completed each delivery clerk is at

Boston Clearing House Proof

Tuesday, May 20, 19—

NO.	BANKS	BALANCES DUE TO CLEARING HOUSE		EXCHANGES BANKS DR. BANKS CR.				BALANCES DUE TO THE BANKS		NO.
		BALANCE	INTEREST	BALANCE	INTEREST	BALANCE	INTEREST	BALANCE	INTEREST	
1	Massachusetts National	137116	61	601195	70	554079	09			1
2	National Union	37417	48	391522	85	354105	37			2
3	Old Boston National	86101	85	243422	29	157320	44			3
4	State National			454779	21	567671	69	112892	48	4
5	New England National			190038	36	240816	80	50778	50	5
12	Atlantic National			146654	11	227212	02	80557	91	12
13	Merchants National	132056	29	1361212	39	1219156	10			13
15	National Hamilton	54170	54	395649	79	341479	25			15
17	Second National			613835	51	1104116	94	490481	43	17
18	Atlas National	102568	01	398617	81	296049	80			18
20	National Shawmut	3856824	88	4109685	56	3773860	68			20
21	National Exchange	38771	98	938973	65	900201	67			21
22	Nat'l B'k of Commerce			908658	45	1174063	77	265405	32	22
24	Faneuil Hall National	23898	97	189501	57	165602	60			24
25	National Webster			54331	89	65216	89	10885	50	25
26	Eliot National	89495	03	1196253	14	1106758	11			26
28	Suffolk National	94489	10	690275	61	595786	51			28
31	Freemans National			111167	50	155111	74	43944	24	31
32	Boylston National			68422	21	81747	05	13324	84	32
37	Nat'l Bank Redemption			2409865	14	2416470	23	6605	00	37
39	First National	122675	28	539383	18	416707	90			39
41	Nat'l Bank of Republic			1086691	28	1279888	23	193196	95	41
43	Mt. Vernon National	11046	74	76455	77	65409	03			43
46	National Security	4121	63	74626	44	70504	81			46
49	Central National	68804	57	317960	52	249164	95			49
50	Colonial National	3338	12	262315	20	258977	08			50
51	Fourth National			371878	03	476835	03	104957		51
52	Metropolitan National	2830	85	78607	03	75776	18			52
53	Winthrop National			210240		230718	68	20478	68	53
55	Mechanics National	34286	67	108049	77	73763	10			55
56	Commercial National	14493	34	144410	69	129917	35			56
100	Boston Clearing House			1816532	10	1816532	10			100
	Aggregates	1303507	94	20641021	25	20641021	25	1303507	94	

the point from which he started, and the settling clerk has on his desk exchange packages received from each of the other banks. Being now at liberty, each delivery clerk gathers up the packages against his bank, usually called *Debit Exchanges*, and returns with them, while the settling clerks remain until the clearing-house proof has been made.

After the amounts of all the exchange packages have been properly entered, the settling clerk proceeds to foot his statement and ascertain the amount his bank is to receive or pay. He then makes out a balance ticket, which is sent to the proof clerk's desk. This ticket shows the total exchanges brought to and received at the clearing house, together with the balance to be received or paid by his bank.

Form of Balance Ticket

BALANCE TICKET	No. 1. BOSTON CLEARING HOUSE		
			<i>Feb. 16, 19__</i>
	Dr. Massachusetts National Bank,		Am't Rec'd, \$245,187. ⁵²
	Cr. " " "		Am't Bro't, \$302,234. ⁴¹
	Balance \$~~~~~ due Clearing House, \$		
	Balance due the Massachusetts National Bank, \$		57,097.00
<i>J. H. Bender, Settling Clerk</i>			

When the proof clerk receives the balance tickets from the several settling clerks he immediately transcribes the debit exchanges (the amount received by any bank) in the *Banks Dr.* column, and the difference between the debit and credit exchanges in the *Due Banks* or the *Due Clearing House* column, as the case may be, on the clearing-house proof. The credit exchanges having been previously entered, the proof clerk now proceeds to complete his proof. As the total exchanges brought must be the same as the total exchanges taken away, the debit and credit columns of the proof should agree if the work is correct, as also the total due banks and the total due the clearing house.

While the preparation of the proof is in progress the settling clerks are verifying their work by means of check tickets. If there are no

errors in the clearing-house proof the manager announces the fact and the settling clerks return to their banks. If there is an error, and this is not infrequently the case, the proof clerk announces the difference to the manager. The manager then announces the difference to the settling clerks, who proceed to search for it. When this announcement is made the settling clerks have usually completed a revision of their statements, and can many times locate discrepancies as soon as they are announced by the manager.

Various methods are resorted to in locating differences. Usually the manager calls for an exchange of sheets to the right or to the left for an examination of footings, and in cases where an error in entry is apparent the amounts are called back. This revision is final, and if the additions are correct it must make the proof balance.

The accompanying Clearing-House Proof and Settling Clerk's Statement are actual forms used in transactions at the Boston Clearing House.

Debtor and Creditor Banks. — Thus far no money has entered into the exchanges at the clearing house. The clearing, however, is not yet complete. If the total of the items brought to the clearing house by any particular bank is less than the total of the items brought by other banks against it, the bank owes the clearing house the difference between such totals. On the other hand, if the items brought to the clearing house by any bank are greater than the totals brought against it, that bank is entitled to receive from the clearing house the difference between such totals. To complete the clearing, therefore, it is necessary to make settlement for the debit and credit balances.

Form of Manager's Receipt

RECEIPT TICKET	<p>No. 50. BOSTON CLEARING HOUSE</p> <p style="text-align: right;"><i>March 3, 19—</i></p> <p>Received from COLONIAL NATIONAL BANK</p> <p><i>Twenty-seven Thousand Nine Hundred Sixty $\frac{54}{100}$ Dollars</i></p> <p>in full for balance due the Clearing House.</p> <p>\$27,960.$\frac{54}{100}$</p> <p style="text-align: right;"><i>C. A. Ruggles, Manager</i></p>
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At 12.15 P.M. each day except Saturday, and then at 11.30 A.M., the debtor banks must pay to the manager at the clearing house the balances due from them respectively, either in coin or in such other currency as the laws of the United States shall require, or in such certificates as shall be authorized by the clearing-house association, excepting sums less than one thousand dollars, which may be paid in bills of the debtor banks.

Receipts signed by the manager are given to the banks making the payments. (See page 381.)

At 1.30 P.M. each day except Saturday, and then at 12 M., the creditor banks shall receive from the manager at the clearing house the balances due them respectively.

Receipts signed by the cashiers of the creditor banks are given to the manager of the clearing house.

Form of Cashier's Receipt

NATIONAL SECURITY BANK

\$ 24,640.93

Boston, March 25, 19____

Received from C. A. RUGGLES, Manager of the Boston Clearing House, by Robert W. Grant, Messenger of this Bank, Twenty-four Thousand Six Hundred Forty $\frac{93}{100}$ Dollars, being the amount gained by this Bank to-day at the Clearing House.

W. A. Hinman, Cashier

Should any bank not make payment as provided, the manager causes a new settlement to be made and new balances to be ascertained, by eliminating from the settling sheet of each and every bank all the amounts charged or credited thereon to the defaulting bank and also the debit and credit amounts on the settling sheet of the defaulting bank. The new balances as thus ascertained are the balances to be settled by the several banks. In case some of the banks have paid the balances first ascertained such banks are called upon to make an adjustment with the clearing-house manager.

Immediately after the new settlements have been made each bank is called upon to deliver to the manager all the items which were received

from the defaulting bank, or in lieu thereof the money, which items or money the manager tenders to the defaulting bank and demands all the items received by the defaulting bank at the clearing house. The items received from the defaulting bank by the manager are then returned to the respective banks from which they originally came.

Scale of Fines. — The following is the scale of fines prescribed by the Boston Clearing House.

1. For disorderly conduct of any clerk at the clearing house, or disregard of the manager's rules and instructions, for each offence	\$4
2. For any clerk failing to attend punctually at the hour for making exchanges	4
3. Debtor banks, failing to pay their balances before a quarter past twelve o'clock	3
4. Any error in the credit ticket (that is, the amount brought)	2
5. Errors in making the balance ticket (that is, the amount received) ¹	2
6. Failing to deliver check tickets before twenty minutes past ten o'clock	1
7. All other errors	2

LETTERS OF CREDIT

Definition. — A letter of credit is an instrument issued by a banker, and addressed to his correspondents in specified places, by which a named person may draw funds in amounts to suit his convenience, upon his complying with certain requirements, such as identifying himself, etc., the total amount drawn not to exceed the amount limited by the letter of credit.

To whom issued. — Letters of credit are usually issued for the use of travelers in foreign countries, to save the transmission of money from one part of the world to another, thus avoiding the risk necessarily incident to carrying real money about.

How Funds are obtained. — When a letter of credit is issued to a traveler he is required to subscribe his name on the document in the banker's presence, as a means of identification later on. Other copies of the signature are sometimes left and forwarded to the leading foreign bankers drawn upon. When the traveler desires funds he will present

¹ Thirty minutes is allowed for the morning settlement, and for each additional fifteen minutes' detention \$2 is added to this sum.

his letter to the proper banker at the place where he may be staying. The letter itself always specifies the banks that will honor the draft. When the letter is presented to a foreign banker for payment, he draws a sight draft on the London banker specified, which draft the traveler is required to sign. If the signatures on the letter and the draft are identical, the amount desired is promptly paid and indorsed on the back of the letter. Payment is usually made upon the simple identification of comparison of signatures. The endorsements on the back of the letter show at all times the balance available for the traveler. The bank making the last payment retains the letter to send to the drawees in London.

Brown Brothers & Co.'s Circular Letter of Credit

No. 7215

Boston, Mass., March 6, 1906

Gentlemen:

We beg to introduce to you Mr. John O. Morris, to whom you will please furnish such funds as he may require up to the aggregate amount of Five Hundred pounds sterling against demand drafts on Messrs. Brown, Shipley & Co., London, each draft to be plainly marked as drawn under Brown Brothers & Co.'s Letter of Credit No. 7215.

This letter to be surrendered with the last draft hereunder.

We engage that such drafts shall meet with due honor in London, if negotiated before the 6th of March, 1907, and request you to buy them at the rate at which you purchase demand drafts on London.

The amount of each draft must be inscribed on the back of this letter, and to this we wish to call your special attention. This letter itself should be canceled and attached to the final draft drawn.

Please see to it that the drafts be signed in your presence and carefully compare the signature with the one below.

We are, Gentlemen,

Your obedient servants,

£500.

Brown Brothers & Co.

To Messieurs
the bankers mentioned
on the third page of
this letter of credit.

*The signature of
John O. Morris.*

The Reverse or Back of the Letter of Credit

Indorsements once made hereon, of payments, must be allowed to remain without alteration or erasure. Care should therefore be taken to understand exactly about payments desired, before inscribing amounts below. On the payment of any sum exhausting this credit, this letter must be surrendered by the holder and attached by the banker negotiating the draft to the said draft.

DATE WHEN PAID	BY WHOM PAID	NAME OF TOWN	AMOUNT STERLING WRITTEN IN WORDS	AMOUNT IN FIGURES		
				£	s.	d.
1906 April	2 Union Bank	London	Seventy-five pounds	75	—	—
	20 Credit Lyonnais	Paris	Twenty-five pounds	25	—	—
May	5 Mendelssohn & Co.	Berlin	Ten pounds	10	—	—
	20 Anglo-Austrian Bank	Vienna	One hundred pounds	100	—	—
June	5 Banca Commerciale Italiana	Rome	One hundred pounds	100	—	—
July	26 Filiale der Dresdner Bank	Hamburg	Ninety pounds	90	—	—
Aug.	15 Brown Brothers & Co.	Boston	One hundred pounds	100	—	—
				500	—	—

NOTE.—On the pages following, in a regular letter of credit, are the names of towns and cities, and banks therein, any one of which will advance money upon the letter of credit. The list includes banks in all parts of the world.

In what Funds usually drawn.—Letters of credit are usually drawn payable in pounds sterling; but they are paid in the current money of the country in which they are negotiated. They pass everywhere as cash, since any banker in the world would usually be very willing to buy a reliable sterling draft on London. Thus with a letter of credit a traveler can make a trip around the world with no more real money on his person than is necessary to meet immediate local expenses.

Commission Charges.—The cost to the purchaser for a letter of credit is usually about 1% of the amount of issue, though no letter will be issued for less than \$5.

REVIEW QUESTIONS

1. Briefly outline the duties of the discount clerk.
2. When is collection and exchange charged on paper discounted?
3. When paper is accepted for discount, upon what book is it first entered?
4. Explain how to post the footings of the discount register.
5. Explain the purpose and use of the discount tickler.
6. What

is the law in your state with reference to notes, etc., falling due on Sunday or a legal holiday? 7. Briefly outline the duties of the collection clerk. 8. State the sources from which a bank receives paper for collection. 9. What kind of sight paper should not be entered in the collection register? Why? 10. Explain the purpose and use of the collection register; the collection tickler. 11. Briefly outline the principal duties of the receiving teller. 12. In examining paper deposited, what are the things that should be particularly noted by the receiving teller? 13. Should paper payable to "bearer" be indorsed before deposited? Why? 14. Explain a method of classifying items on the deposit ticket. 15. On what class of checks does a bank charge collection? 16. Explain the purpose and use of the receiving teller's daily check sheet. 17. Explain the manner of proving the receiving teller's daily check sheet. 18. Briefly outline the principal duties of the paying teller. 19. When paper is presented for payment, what should the paying teller examine very critically? Why? 20. Should the amount expressed in figures on any given check differ from the amount expressed in writing, which amount would the paying teller be justified in paying? Why? 21. What is a certified check? 22. Do banks ever certify checks in excess of a depositor's account? 23. In what particulars is a check stronger after certification than it was before? In what respects is it the same? 24. What is the purpose of a certified check book? 25. Why is a bank draft better than a check for making payments out of town? Explain fully. 26. Explain fully the purpose and use of the paying teller's daily check sheet. 27. Explain the manner of proving the paying teller's daily check sheet. 28. Briefly outline the principal duties of the note teller. 29. When are bills discounted that have been sent away for collection charged to the banks to which they are sent? 30. For what purpose are notes, drafts, etc., certified? 31. In your state are notes, etc., made payable at a bank charged to the depositor's account at maturity, or is it usual for business men to pay this paper by check? 32. When is a note or other negotiable paper protested? 33. Explain the method of protesting paper. 34. What is a notice of protest? 35. To what officer are notary fees usually paid? 36. Briefly outline the principal duties of the correspondence clerk. 37. What is the purpose of the draft register? How is it posted? 38. What two books are combined in the remittance register. 39. Explain fully the purpose and use of the remittance register. 40. How is the remittance register posted? How proved? 41. Briefly outline the principal duties of the individual bookkeeper. 42. From what sources does the individual bookkeeper get his items for entry in the individual ledger? 43. Explain the use of the individual ledger. 44. How is the individual ledger proved? 45. Explain how an overdraft is treated in the individual ledger. 46. What books are generally kept by the general bookkeeper? 47. Explain the use of the general balance ledger. 48. Name all the sources from which items are obtained for entry in the general cash book. 49. Define (a) letter of credit; (b) clearing house; (c) dividends; (d) surplus fund. 50. Give a three-minute talk on clearing-house associations; on letters of credit.

APPENDIX

FORMS OF LEGAL DOCUMENTS

Form I—Letter of Remittance

W. O. WEAVER

C. W. FREY

W. D. RADCLIFFE

Office of

W. O. Weaver & Co.
Wholesale Grocers

Boston, Mass., Sept. 10, 19—

*Smith, Perkins & Co.,
Rochester, N.Y.*

Gentlemen: —

Please find herewith a New York draft for Eleven Hundred Sixty-three and $\frac{28}{100}$ Dollars (\$1163.28) in payment for invoice of Aug. 31, less discount, as follows:

<i>Amount of invoice</i>	<i>\$1224.50</i>
<i>Less 5%</i>	<i>61.23</i>
<i>Balance as per inclosure</i>	<i>\$1163.27</i>

Kindly acknowledge receipt of the draft, and oblige

Yours very truly,

W. O. Weaver & Co.

per R.

Form II — Notice of Dissolution of Partnership

You are hereby notified that the copartnership heretofore existing between John B. Evans and Herbert F. Osgood, under the copartnership name, style, and firm of John B. Evans & Co., at Springfield, Mass., is this day dissolved.

All accounts due the partnership are to be paid to Herbert F. Osgood at the office of the old firm, and all claims against the partnership should, at maturity, be presented to him for payment.

Dated Springfield, Mass., Aug. 31, 1906.

[Signed]	<i>John B. Evans.</i>
	<i>Herbert F. Osgood.</i>

Form III — Circular announcing the Retirement of a Partner

W. D. MARTIN

A. S. WARD

*Office of**Martin & Ward**Boston, Mass., Aug. 25, 19—*

*Saxton, Gilbert & Co.,
Rochester, A.Y.*

Gentlemen: —

Permit us to inform you that on the 31st inst. the copartnership hitherto existing between W. D. Martin and A. S. Ward will be dissolved by mutual consent. After that date the business of the house will be conducted by Mr. Ward on his own account under the firm name of A. S. Ward.

In soliciting a continuance of your valued patronage we beg to assure you that there will be no reduction in the capital of the firm, and that all affairs of the house will be transacted with the same efficiency that you have experienced at the hands of the present management.

Yours very truly,

*Martin & Ward
Aug 25.*

Form IV — Contract of Sale and Purchase

Know all Men by these Presents

that I, C. W. Worthington, of the City of Boston and Commonwealth of Massachusetts, party of the first part, in consideration of Fifteen Thousand Two Hundred Dollars paid by D. C. Williams & Co., of the City and Commonwealth aforesaid, parties of the second part, the receipt whereof is hereby acknowledged, do hereby grant, sell, transfer, and deliver unto the said parties of the second part, the good will, chattels, merchandise, bills receivable, accounts receivable, and all other assets of the firm of C. W. Worthington which are definitely specified on the schedule hereunto annexed. In part consideration hereof the said D. C. Williams & Co. hereby agree to assume and do assume the liabilities of the said firm of C. W. Worthington as per the schedule hereunto annexed.

To have and to hold, all and singular the said goods and chattels to the said D. C. Williams & Co. and their executors, administrators, and assigns, to their own use and behoof forever.

And I hereby covenant with the grantee that I am the lawful owner of the said goods and chattels; that they are free from all incumbrances; that I have good right to sell the same as aforesaid; and that I will warrant and defend the same against the lawful claims and demands of all persons whomsoever.

In witness whereof, we the said C. W. Worthington and D. C. Williams & Co. have hereunto set our hands and seals, this twenty-first day of August in the year one thousand nine hundred and six.

Signed, sealed, and delivered
in the presence of

J. H. McAnn
W. D. Sprague }

C. W. Worthington [SEAL]
D. C. Williams & Co. [SEAL]

Form V — Articles of Copartnership

Articles of Copartnership made and entered into this first day of August, one thousand nine hundred and six, between Malcolm D. Gilbert of the City of Boston and Commonwealth of Massachusetts, party of the first part, and Chas. M. Wentworth of the City and Commonwealth aforesaid, party of the second part, witnesseth as follows:

Whereas the said parties, having mutual confidence in each other, do hereby enter into a copartnership agreement on the terms and conditions following, to wit:

First. The copartnership formed shall be for the purpose of carrying on a Jobbing Furniture Business under the firm name of M. D. Gilbert & Co., in the said City of Boston, the partnership to commence on the date of this agreement, and to continue for two years unless sooner dissolved by mutual consent of the partners.

Second. The said Malcolm D. Gilbert, party of the first part, shall contribute the entire resources of his late business located at #467 East Main Street, Boston, Mass., and the said new firm of M. D. Gilbert & Co. shall assume the existing liabilities of the said business. These resources and liabilities are definitely described on a statement of resources and liabilities hereunto attached, and they show an aggregate net investment of \$15,260.50.

Third. The said Chas. M. Wentworth, party of the second part, shall contribute resources as follows: cash, \$7000; stock of furniture, \$1500; account with Foley Bros., \$5725.

Fourth. The said investments shall be the capital stock of the said firm, to be used and enjoyed in common between them for the support and management of said business to their mutual benefit and advantage.

Fifth. Neither party shall engage in any other business, but each shall devote his entire time and attention to, and put forth his best efforts and skill for, the furtherance of the business aforesaid; and all gains that shall arise by means of their said business shall be divided between them equally, and all losses that shall happen to the joint business, by bad debts or otherwise, shall be borne and paid by them equally.

Sixth. Neither party shall at any time withdraw from the business a sum in excess of his share of the net profits of the firm.

Seventh. Neither partner, during the continuance of this copartnership, shall assume any liability by indorsing notes, etc., or by becoming surety for any person or persons whomsoever, without the consent of the other said copartner.

Eighth. It is further agreed that there shall be had and kept at all times during the continuance of the partnership, true books of account, wherein all matters and things whatsoever, proper to be entered into merchants' books, shall be properly recorded; and these books shall be used in common, so that either of the partners may at all times have access thereto.

In witness whereof, the parties have hereunto set their hands and seals in duplicate, the day and year first above written.

Signed, sealed, and delivered
in the presence of

Chas. H. Jones,
Boston, Mass.

Malcolm D. Gilbert [SEAL]
Chas. M. Wentworth [SEAL]

Form VI—Power of Attorney

Know all Men by these Presents

that we, B. W. Morgan and Robert Hall, constituting the firm of B. W. Morgan & Co., of the City of Boston, Mass., have made, constituted, and appointed, and by these Presents do make, constitute, and appoint, Charles M. Raymond, of the City of Newton, Mass., our true and lawful Attorney, for us and in our name, place, and stead to transact business and to sign and indorse any or all of the notes, checks, drafts, letters, and all other instruments in writing received in the course of or issuing from our business, giving and hereby granting unto our said Attorney full power and authority to sign and indorse such instruments, and to perform all and every act whatsoever about the premises as freely, fully, and effectually as we could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that our said Attorney or his substitute shall lawfully do or cause to be done by virtue hereof.

In Witness Whereof, we have hereunto set our hands and seals this fifteenth day of July in the year nineteen hundred and six.

Charles M. Raymond
Attorney's Signature

B. W. Morgan [SEAL]
Robert Hall [SEAL]

Commonwealth of Massachusetts }
County of Suffolk } ss. Boston, Mass., July 15, 1906

Then personally appeared the above-named B. W. Morgan and Robert Hall and acknowledged the foregoing instrument to be their free act and deed.

Before me,

E. C. Mills,
Notary Public

Form VII — Certificate of Protest

Commonwealth of Massachusetts

*County of Suffolk }
City of Boston } \$.*

On the tenth day of December, in the year of our Lord one thousand nine hundred and six, I, W. A. Hinman, Notary Public, duly admitted and sworn, and practicing in said Commonwealth, at the request of Leigh H. Pieron, Esq., Cashier of the Commercial National Bank, went with the original note, which is hereto annexed, the time therein limited and grace having fully elapsed, and demanded payment thereof at the Excelsior National Bank, and was answered by the Paying Teller, "No funds."

The note remaining unpaid, I duly and officially notified the indorsers thereof at the following addresses:

*Roth & Fay, 920 Washington St., City,
B. W. Hall & Co., Newton, Mass.,*

(postage prepaid) of said default requiring payment. Wherefore, I, the said Notary, by request as aforesaid, have protested and by these presents do solemnly protest, against the drawer of said note, the indorser, and all others concerned therein, for exchange, re-exchange, and all costs, charges, damages, and interest, suffered and sustained, or to be suffered and sustained, by reason or in consequence of the non-payment thereof.

SEAL

In Testimony Whereof, I have hereunto set my hand and affixed my Notarial Seal, the day and year first above written.

FEE'S	<i>Noting Non-Acceptance . . .</i>
	<i>Postage</i>
	<i>Protesting for Non-Payment . . \$1.50</i>
	<i>Postage04</i>

\$ 1.54

W. A. Hinman,

Notary Public

Form VIII — Notice of Protest***Commercial National Bank***

Boston, Mass., Dec. 10, 19—

*Messrs. Roth & Day
920 Washington St., City.*

Dear Sirs:—

*You are hereby notified that a note
for Nine Hundred Sixty 50 Dollars
drawn by Cobb, Bates & Co., and indorsed by you, dated
Sept. 10, 19—, payable three months after date, has been
protested by me for non-payment after due demand at the
Excelsior National Bank this day, and that you are held
answerable for the amount, with all legal costs, interests, and
damages in consequence of the non-payment thereof.*

Respectfully yours,

W. A. Hinman,

Notary Public

COMMERCIAL TERMS DEFINED

Acceptance. — The name of an accepted draft; an agreement, by signature, to the terms named in the draft.

Account Current. — An open or running account; a detailed statement of transactions between two persons or firms.

Account Sales. — An itemized statement of sales and expenses rendered by a commission merchant to his principal.

Acknowledgment. — A formal admission made before a notary or other qualified officer, that the act described was done voluntarily; the officer's certificate of such admission.

Affidavit. — A written statement made under oath.

Auditor. — A person appointed to examine accounts.

Bankrupt. — One who fails in business and is unable to pay his debts.

Bill of Lading. — A receipt of a transportation company, containing an account of the goods shipped and the conditions of shipment.

Board of Trade. — A voluntary organization of business men for the advancement of commercial interests.

Bond. — A written promise under seal, binding a person to do or not to do a certain thing.

Capital. — The investment in a business.

Certified Check. — A check that has been accepted by the bank on which it is drawn, thereby making the bank security for payment.

Clearing House. — An institution in a city where daily settlements are made between banks by the mutual exchange of checks, drafts, etc., the difference between such exchanges being paid in cash.

Collaterals. — The use of negotiable paper or other forms of value, real estate excepted, as security for a debt.

Copartnership. — The voluntary association or joining of two or more persons in a business enterprise. The same as partnership.

Copyright. — A right of control granted by a government to an author or publisher.

Coupon. — A certificate attached to a bond, showing when different installments of interest are due.

Deed. — A contract under seal, usually transferring the title of real estate.

Dishonor. — A refusal to pay an obligation when due, or to accept a draft when presented for acceptance.

Dividend. — The allotment to each stockholder in the division of profits.

Extension. — An allowance of further time for the payment of a debt.

Footing. — The adding of a column of figures, or the result of such addition.

Forgery. — The writing of another's name, with fraudulent intent, or altering a written document.

Franchise. — A certain right or privilege granted by a government to individuals or corporations.

Good Will. — The value in a business of established reputation or patronage.

Honor. — To accept a draft, or to pay when due.

Index. — An alphabetical table of contents.

Indorse. — To write one's name on the back of a note, check, or draft; to record a partial payment on the back of a note.

Installment. — The payment of a sum of money in stated portions.

- Jobber.** — A merchant who buys goods from importers and manufacturers, and sells to either wholesale or retail merchants.
- Lease.** — A contract, usually in writing, for the temporary possession of real estate or other property.
- Letter of Credit.** — A letter usually issued by a bank, addressed to banks in foreign cities, authorizing the holder to receive credit for a stated amount. Such letters are usually carried by travelers.
- Manifest.** — An invoice of a ship's cargo.
- Mercantile Agency.** — An institution which obtains and furnishes information regarding mercantile enterprises, their financial standing, business reputation, etc.
- Mortgage.** — A conditional transfer of the title to real estate or chattels as security for the payment of a debt.
- Net.** — Clear of all charges or deductions.
- Notary.** — A public officer who acknowledges legal documents and protests paper for non-payment.
- Open Account.** — A running or unsettled account.
- Open Policy.** — An insurance policy covering undefined risks, admitting of subsequent indorsements or additions.
- Outstanding Accounts.** — Book accounts remaining unpaid.
- Overdrawn.** — A term applied to bank accounts when a check has been issued for an amount greater than one's credit balance.
- Patent.** — An exclusive right to an invention, issued by a government.
- Power of Attorney.** — A legal authority to act for another.
- Protest.** — A formal notice issued by a notary to the indorser or indorsers of a note or draft, of the non-payment of a note or draft, or the non-acceptance of a draft.
- Rebate.** — An allowance for overcharge, for early payment, or for other reasons.
- Retail.** — To sell in small quantities.
- Short-extend.** — To enter individual amounts at the left of the money column.
- Sinking Fund.** — A fund set apart for the redemption of bonds or other specific uses.
- Syndicate.** — A combination of capitalists who unite their resources to advance some specific business enterprise.
- Tariff.** — A lawful rate of duty on imports and exports.
- Terms.** — Conditions of sale or agreement.
- Tickler.** — A book containing a memorandum of all time paper.
- Underwriter.** — One who insures.
- Valid.** — Binding in law.
- Void.** — Not binding in law.
- Way Bill.** — A document containing description and shipping directions of goods sent by railroad.
- Wholesale.** — To sell large quantities, usually in unbroken packages.

ABBREVIATIONS—GENERAL TERMS

A. or Am.	America; American.	Dray.	Drayage.
A. I.	First class.	E. and O.E.	Errors and omissions excepted.
Acct. or acct.	Account.	ea.	Each.
Acct. Cur.	Account Current.	e.g.	For example.
Acct. Sales	Account of Sales.	Esq.	Esquire.
Adv. or adv.	Advertisement.	etc. or &c.	And so forth.
Agt.	Agent.	Ex.	Express; Example.
A.M.	Before noon; Master of Arts.	Exch.	Exchange.
Amt.	Amount.	fig.	Figure, Figures.
App.	Appendix.	F.O.B. or f.o.b.	Free on board.
Asst.	Assistant.	Fol.	Folio.
Atty.	Attorney.	Fr.t.	Freight.
Av. or Ave.	Avenue.	ft.	Foot, Feet.
Bal.	Balance.	gal.	Gallon.
B. B.	Bill Book.	gr.	Grain.
bbl.	Barrel.	gro.	Gross.
bdl.	Bundle.	hhd.	Hogshead.
Bk.	Bank.	hund.	Hundred.
bkts.	Baskets.	I. B.	Invoice Book.
B/L	Bill of Lading.	i.e.	That is.
Bldg.	Building.	in.	Inch, Inches.
Bot.	Bought.	Ins.	Insurance.
B/S	Bill of Sale.	inst.	Instant; the present month.
bu.	Bushel.	Int.	Interest.
bx.	Box.	Inv.	Invoice; Inventory.
c.	Cent.	J.	Journal.
Cash.	Cashier.	Jr.	Junior.
C. B.	Cash Book.	kg.	Keg.
Chgs.	Charges.	lb.	Pound.
Ck.	Check.	L. B.	Letter Book.
Co.	Company; County.	L/C	Letter of Credit.
C.O.D.	Collect on Delivery.	Led.	Ledger.
Coll.	Collection; Collector.	L.F.	Ledger Folio.
Cr.	Credit; Creditor.	Ltd.	Limited.
cwt.	Hundredweight.	M.	Thousand.
da.	Day, Days.	Mdse.	Merchandise.
Dept.	Department.	Mem.	Memorandum.
Dft.	Draft.	Messrs.	Gentlemen; Sirs.
Disc.	Discount.	Mfg.	Manufacturing.
do.	The same.	min.	Minute.
doz.	Dozen.	Mme.	Madam.
Dr.	Debtor; Doctor.		

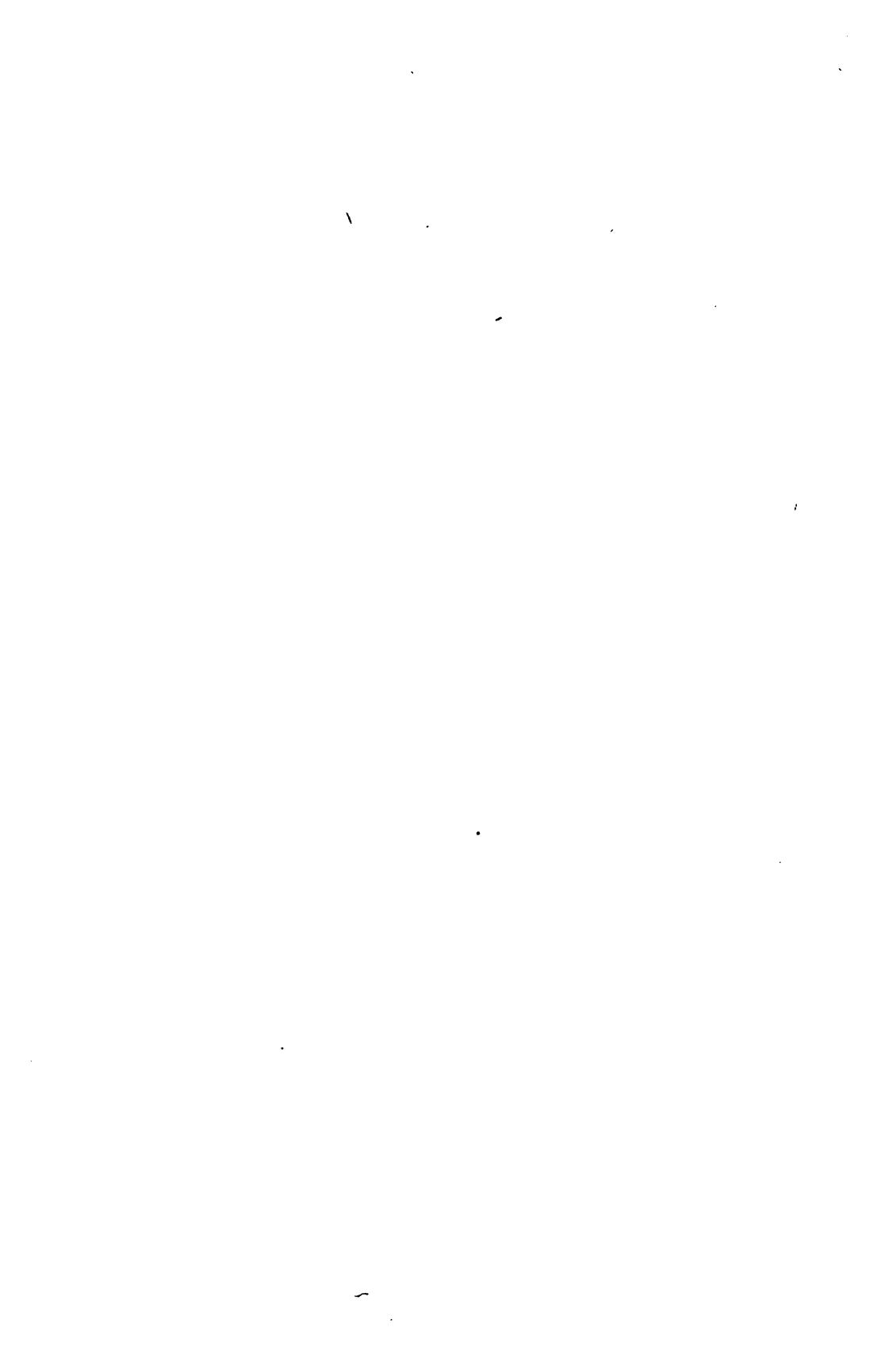
mo.	Month.	R.R.	Railroad.
M.O.D.	Mail Order Department.	Ry.	Railway.
Mr.	Mister.	S. B.	Sales Book.
Mrs.	Mistress.	Sec.	Secretary.
MS.	Manuscript.	Shipt.	Shipment.
MSS.	Manuscripts.	sq. ft.	Square feet.
Mtg.	Mortgage.	Sr.	Senior.
N.A.	North America.	St.	Street; Saint.
N.B.	Take notice.	Str.	Steamer.
No. or no.	Number.	Sunds.	Sundries.
N.P.	Notary Public.	Supt.	Superintendent.
O.K.	All correct.	Tr.	Transpose.
Oz. or oz.	Ounce.	Treas.	Treasurer.
p.	Page.	ult.	Ultimo; of the last month.
Payt. or payt.	Payment.	U.S.M.	United States Mail.
pc.	Piece.	via	By way of.
pca.	Pieces.	viz.	Namely; to wit.
Pd.	Paid.	vol.	Volume.
per	By.	vs.	Against.
Per cent or per cent	By the hundred.	W/B	Way Bill.
pk.	Peck.	wk.	Week.
pkg.	Package.	wt.	Weight.
P.M.	Postmaster; Afternoon.	Yd. or yd.	Yard.
P.O.	Post Office.	Yr. or yr.	Year.
pp.	Pages.		<i>Arbitrary Signs</i>
pr.	Pair.	a/c	Account.
Pres.	President.	@	at or to.
prox.	Proximo; of the next month.	c/o	Care of.
pt.	Pint.	£	Cent.
P.S.	Postscript.	✓	Check mark.
qr.	Quire; Quarter.	\$	Dollar.
qt.	Quart.	#	Number.
Recd.	Received.	%	Per cent.
Reg.	Registered.	1 ¹	One and one-fourth.
Retd.	Returned.	1 ²	One and two-fourths.
Rev.	Reverend.	1 ³	One and three-fourths.



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